

# Constantia Flexibles

Investor Day 2019



2019

A large, stylized 'W' logo in a light blue color is overlaid on a background image of rolls of material. The 'W' is composed of several overlapping geometric shapes. The background image shows rolls of material, similar to the one in the left image, but with a more artistic, slightly blurred effect.

LONG-TERM INVESTOR



W E N D E L



**€565m**

equity invested since 2015

**60.6%**

equity stake

## A global leader in the resilient flexible packaging market for consumer and pharmaceutical industries

- Initiatives underway to regain competitive strength through improved operational efficiency in face of challenging market conditions
- Opportunity to leverage customers' focus on sustainability and generate growth

# — Constantia Flexibles overview

## 2015 - WENDEL ACQUIRED CONSTANTIA FLEXIBLES

Initial investment: €640m / c.73%

- **Long-term mid single digit, resilient growth market**
- #2 in Europe / #3 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

Initial Leverage

## 2015-2019 TRANSFORMATION

- New **management team**
- **7 bolt-on acquisitions** in Europe, Africa and Asia representing c. €360m additional sales
- **€31m additional investment** from Wendel to finance external growth
- **Accelerated R&D and strategic growth capex**
- **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**

## TODAY CONSTANTIA FLEXIBLES



- Operations fully **refocused on flexible packaging**
- Value creation program: **FOCUS21**
- Leverage: **2.1x June 2019 LTM EBITDA**
- Tanja Dreilich joining as new CFO of Constantia Flexibles

# — Alexander Baumgartner – CEO of Constantia Flexibles



- **Constantia Flexibles' CEO since October 2015**
- **25 years in the packaging industry**

## — Tanja Dreilich – CFO of Constantia Flexibles



- **Tanja Dreilich was appointed CFO in October 2019**
- Before joining Constantia Flexibles, she was **CFO and Managing Director of the Kirchhoff Group**, a Global Automotive Supplier Group and a leading Ecotec Group, based in Germany, where she had a key role in **increasing sales and significantly improving profitability during her five-year tenure**
- She has proven to successfully drive change in highly dynamic environments in companies of comparable size in different industries. Her experience **covers responsibilities in public, privately-owned as well in PE-owned environments.**

# Constantia Flexibles

Alex Baumgartner - CEO



# 2019

LONG-TERM INVESTOR



W E N D E L

Investor Day | 2019

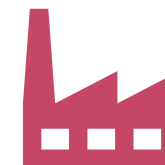
# — The NEW Constantia Flexibles



**#2**  
in Europe



**#3**  
globally



**36**  
production sites  
in 16 countries



**Headquarters**  
in Austria  
(Vienna)



**2 business segments**  
Consumer (~78%)  
Pharma (~22%)



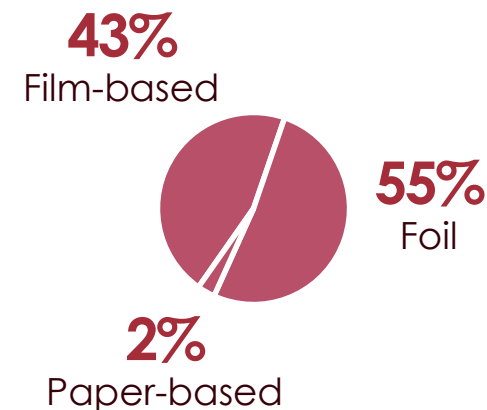
**~ 8,800**  
employees



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

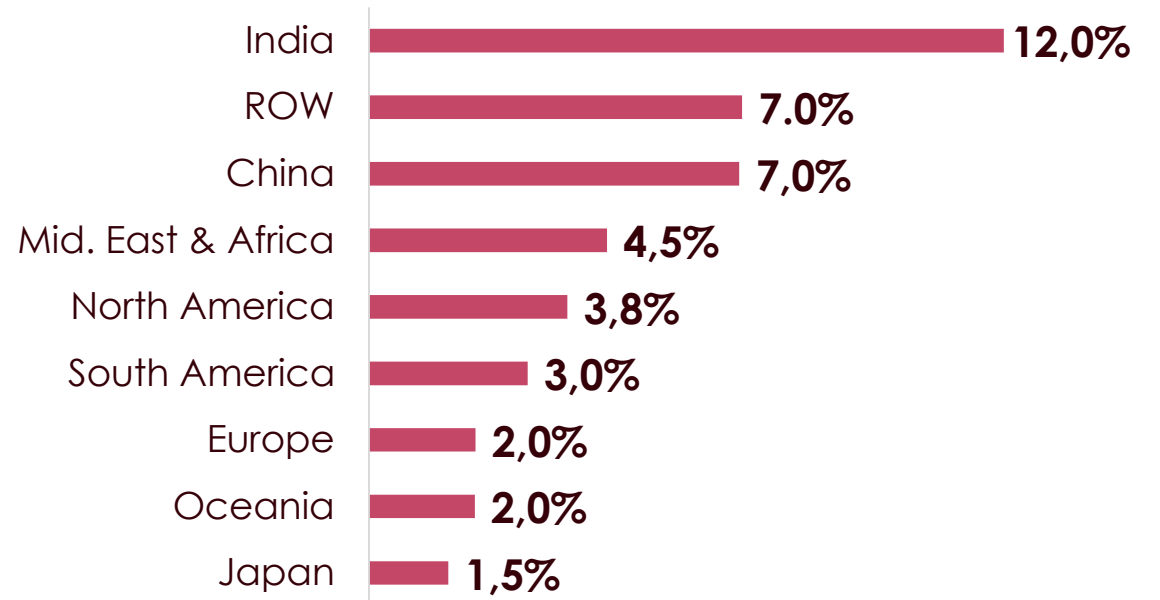


**Sales by region**  
64% Europe  
18% America (USA/Mexico)  
7% Middle East/Africa  
11% Asia/Pacific

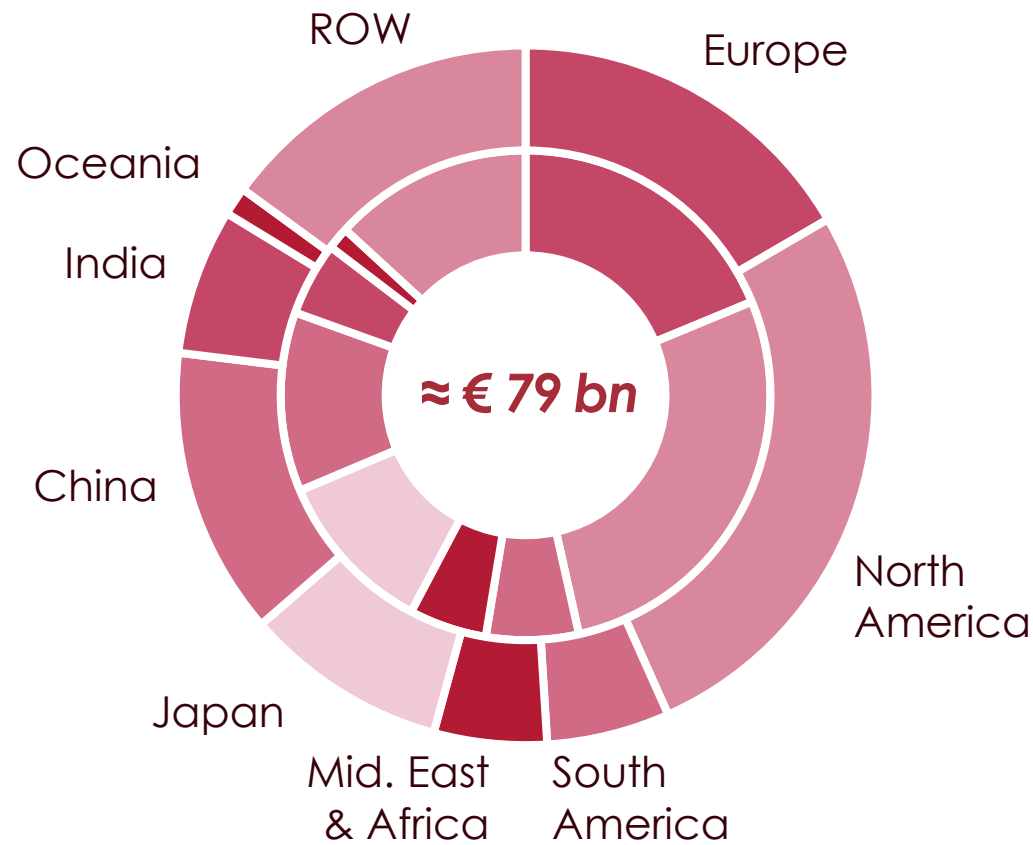


# Total Flexible Packaging Market: Size & Growth by Region

## Global flex. Packaging market CAGR (2018 - 2023)



Emerging Markets account for > 50% of global flex. pack. ; both India and China account for >30% of growth until 2023 (absolute value)

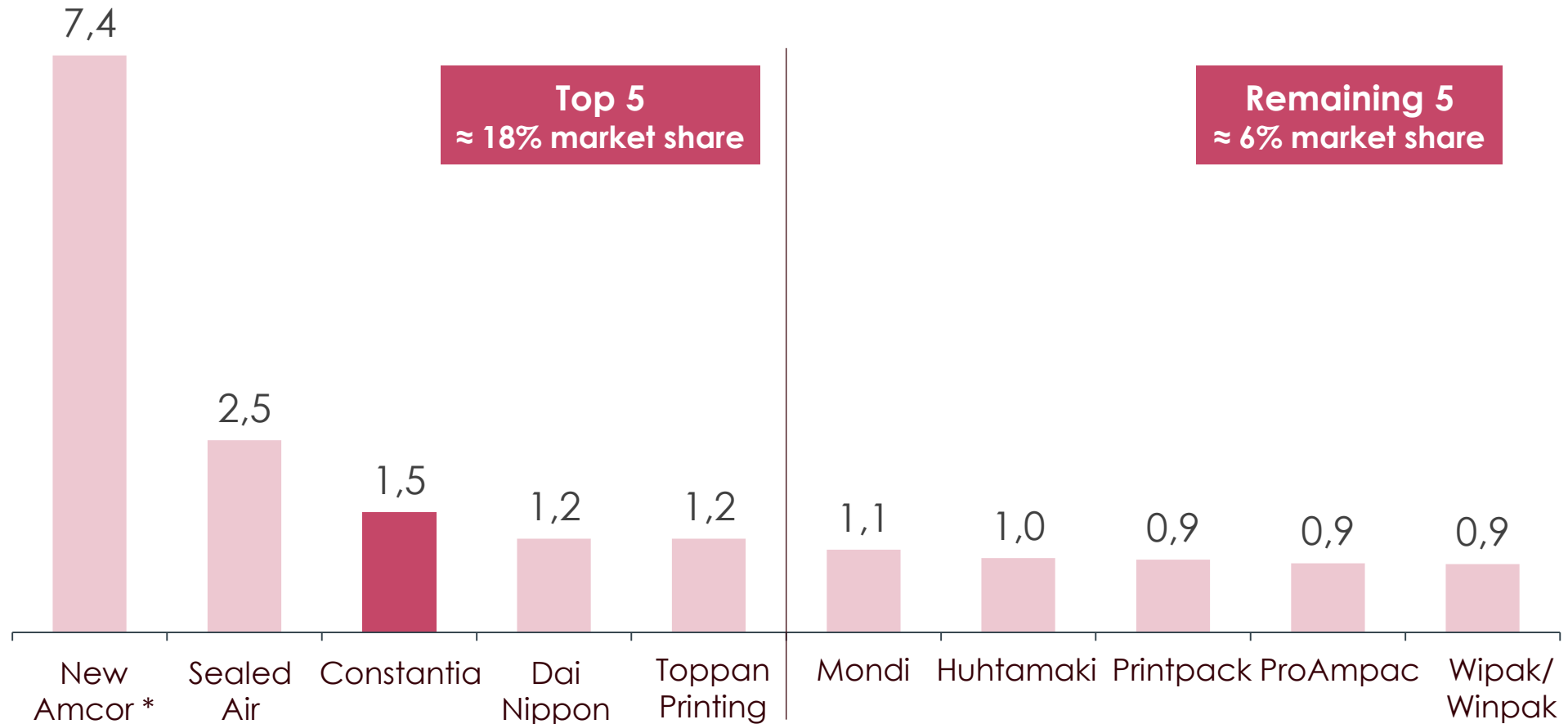


Source: PCI + internal adjustments (global figure excludes the unorganized market in India, estimated at c.a. 1.7 bn)



# Fragmented Flexible Packaging industry

Sales €bn



**Opportunity for Constantia to play a leading role**

Sources: company annual reports, Wood Mackenzie reports and internal information. Sales excl. labels and industrials.

Sales represent global sales.\*

Amcor's revenue stands for flexible packaging only, in opposition to the company's total Flexibles business, which includes closures and specialty carton as well.

# Historical background

## From a leading European supplier...

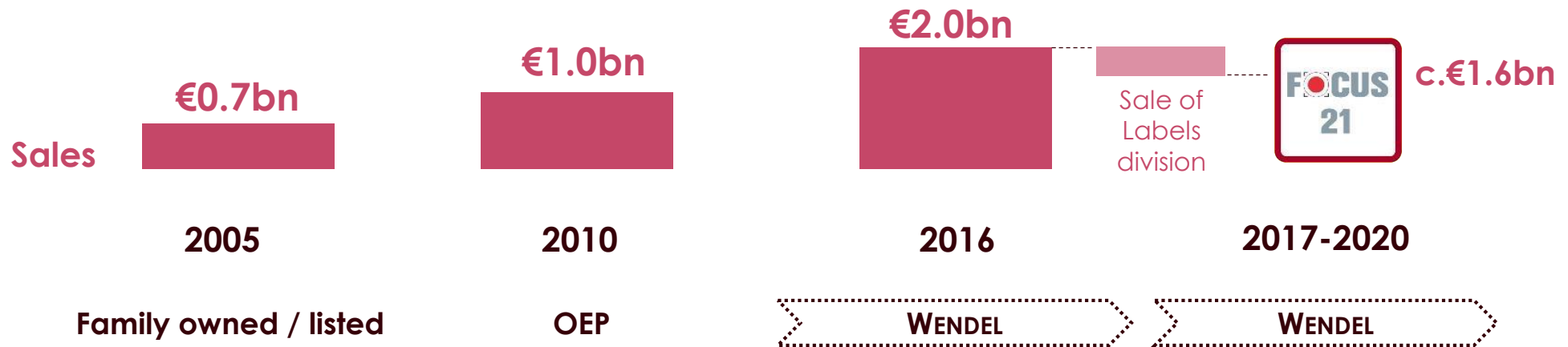
- Network of medium-sized companies
- Business focused on Europe
- Mainly export sales
- Supplier of packaging materials with focus on aluminum

## ... 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

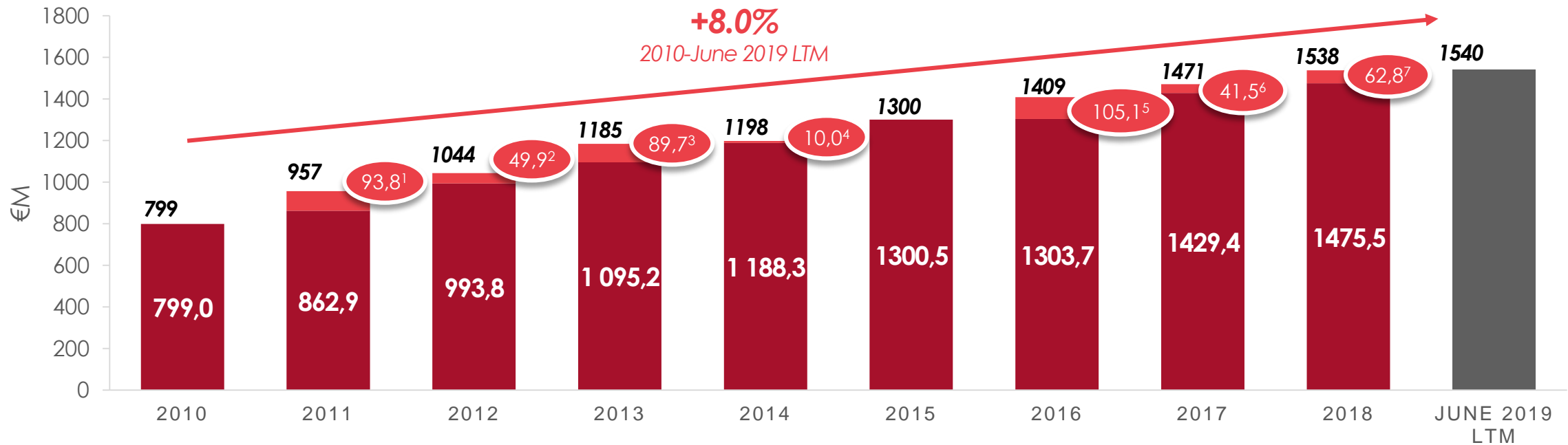
## ... and now a global pure play flexible packaging group

- Focus on selective end-markets in attractive regions with our customers
- Developing sustainable/recyclable packaging solutions for the communities
- Now #3 player in the fast-growing India film flexibles market



# Long term growth track record

Long-term sales and sales growth (excl. Labels sales)



■ Add-on acquisitions (since 2010) → CAGR in %, with acquisitions

<sup>1</sup> Including ASAS Group as of date of 1<sup>st</sup> consolidation (September 1<sup>st</sup> 2011) and 8 months Tobepal (acquired September 2010)

<sup>2</sup> Includes 8 months of ASAS Group

<sup>3</sup> Including Aluprint as of date of 1<sup>st</sup> consolidation (January 1<sup>st</sup> 2013), and Parikh as of date of 1<sup>st</sup> consolidation (June 1<sup>st</sup> 2013)

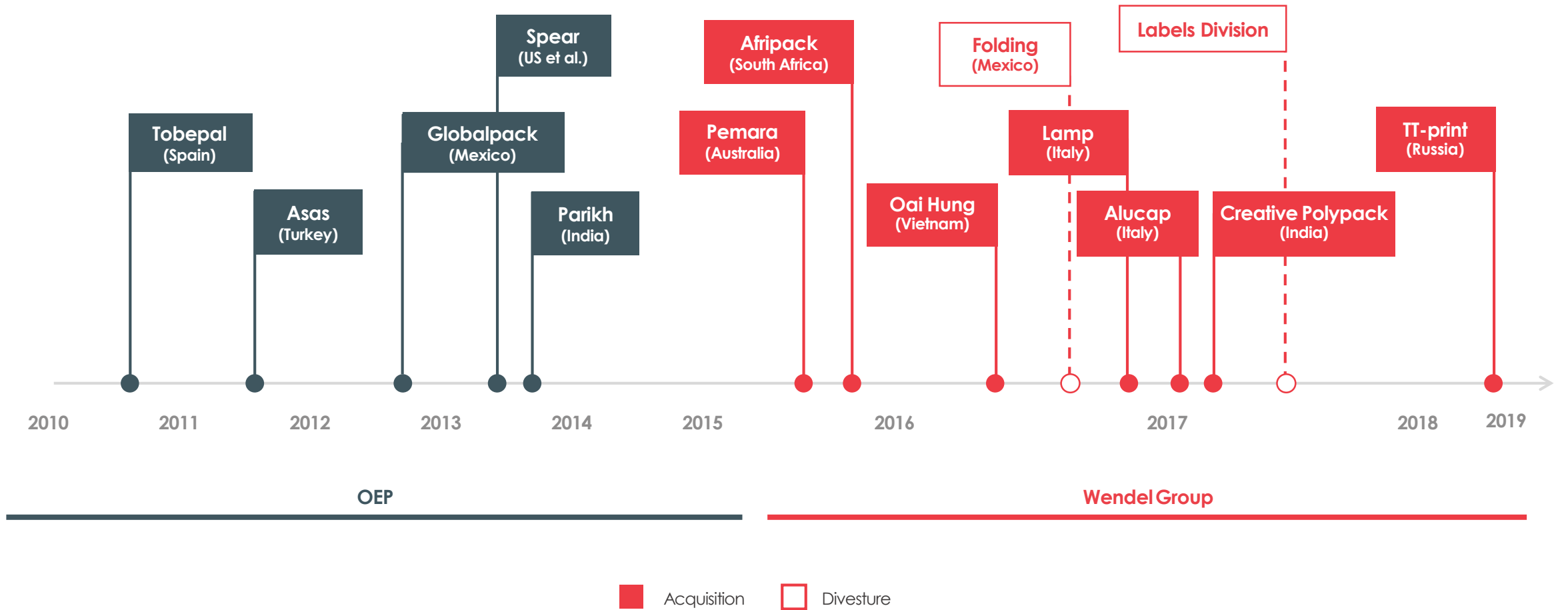
<sup>4</sup> Includes 5 months of Parikh

<sup>5</sup> Including Afripack Group as of date of 1<sup>st</sup> consolidation (January 1<sup>st</sup> 2016), and Oai Hung as of date of 1<sup>st</sup> consolidation (July 1<sup>st</sup> 2016)

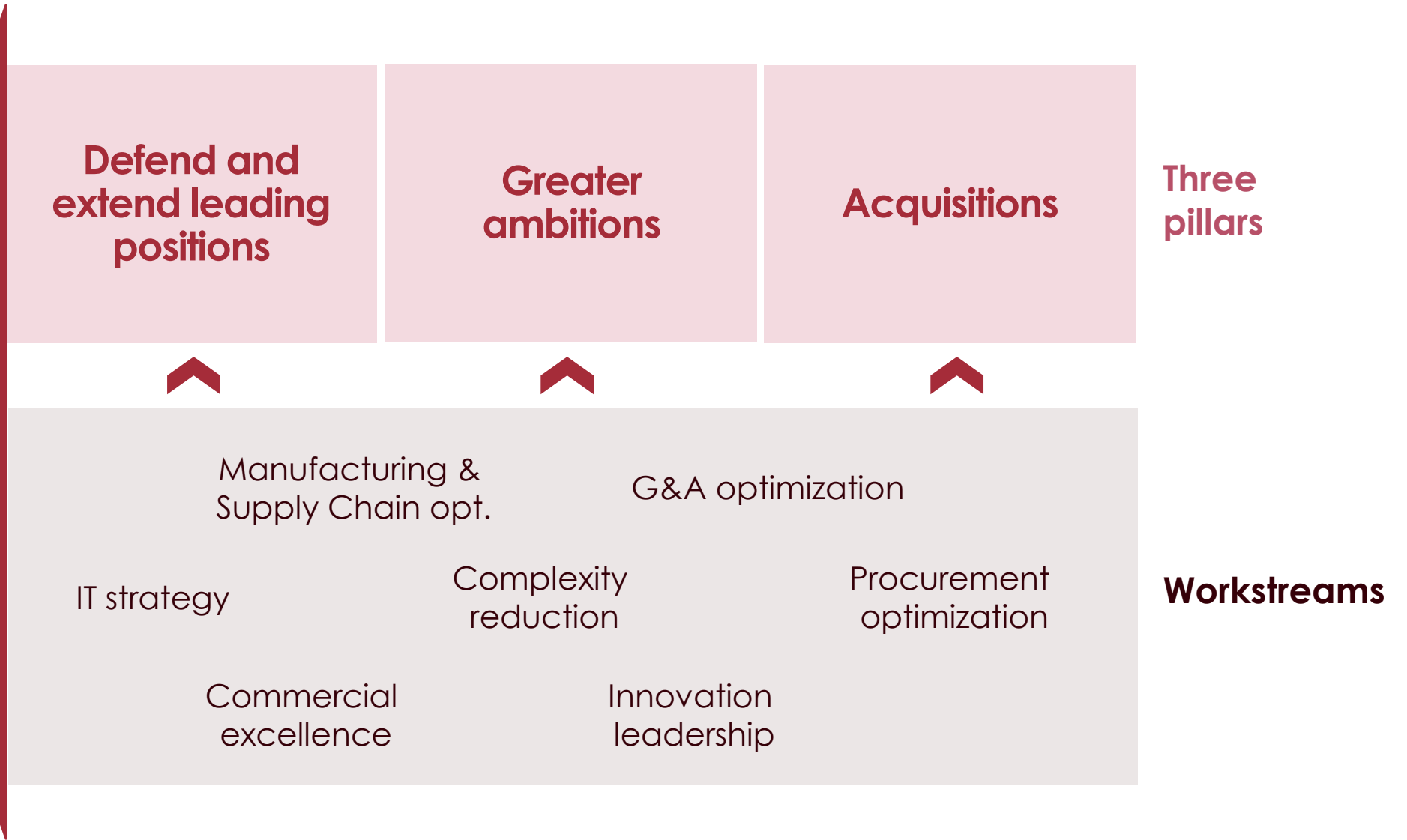
<sup>6</sup> Including Alucap as of date of 1<sup>st</sup> consolidation (March 1<sup>st</sup> 2017), San Prospero as of date of 1<sup>st</sup> consolidation (January 1<sup>st</sup> 2017), and 6 months Oai Hung

<sup>7</sup> Including Creative Polypack as of date of 1<sup>st</sup> consolidation (April 1<sup>st</sup> 2018)

# Historical M&A track record



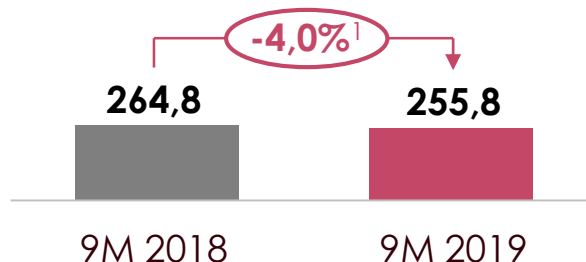
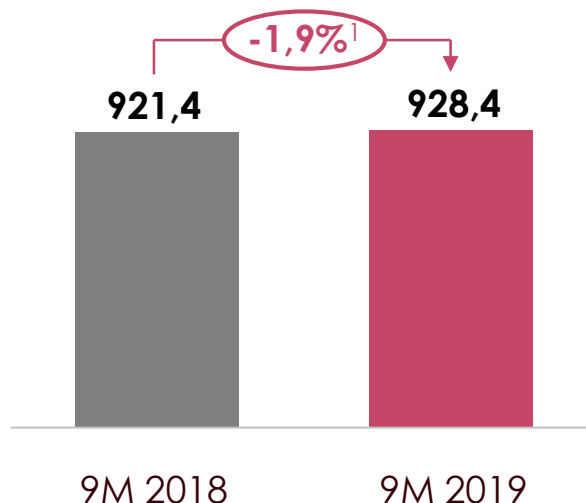
# FOCUS21 strategy



# — 9M 2019 – Overall market conditions remain challenging, measures ongoing



## Divisional sales (€m) (before consolidation effects)



- Raw material cost increases affected H1 2019, trend now improving
- Challenges mostly in European markets, with declining volumes. Emerging markets showing some growth - with India a highlight
- Adverse impact due to market share losses of key customers, which are gradually being replaced
- Europe continues to grow while Asia & Latam facing temporary challenges
- Acquisition of TT Print completed, consolidated on 1 September 2019

# — Recent additional topline and costs management initiatives

## Actions taken

- Topline initiatives:
  - Entered new attractive market segments (coffee, snacks & industrial)
  - Successfully gained new market shares in coffee, cheese and pet food
  - New recyclable, mono-material and high barrier product launched
- Costs initiatives:
  - Purchasing initiatives with EUR 9.0m identified cost savings
  - Considerable headcount reduction ongoing (€10m savings over 2019 & 2020)
  - 2 factory closures underway (South Africa, US)
  - Overall cost cutting

— Strong financial structure : Healthier balance sheet gives more room for maneuver

	Net debt to EBITDA ratio
<b>Before</b> sale of Labels	~4.1x <sup>(1)</sup>
<b>After</b> sale of Labels	~2.1x <sup>(2)</sup>



# Sustainability at the heart of our strategy



2019



LONG-TERM INVESTOR



W E N D E L

## — CSR – Clear targets in recyclability and emissions reduction

***“Constantia Flexibles pledges that 100% of its consumer and pharma packaging will be recyclable by 2025 (new design guidelines, recyclability assessment, identification of critical specs and development of alternatives)”***

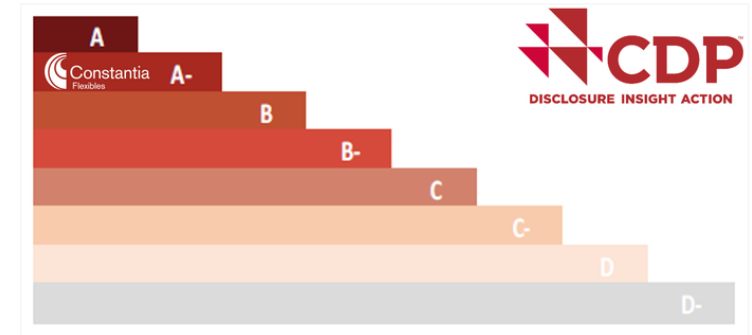
56% of current sales generated from already recyclable products  
(77% of aluminum based and 30% of film based)

Action plan moving forward:

- CO2 emissions reduction by 40% between 2005 and 2023; 22% already achieved
- GHG emissions reduction by 24% between 2015 and 2030; 10% already achieved
- Participation at the Global Top 50 climate leaders platform in 2020 under the moderation of the United Nations and partnered by Bloomberg (Response from the International Business Community which demonstrates the desire, the leadership and the will to take effective action in the fight against Climate Change)

# Sustainability Strategy

- ✓ Sustainability will have a transformative impact on our Industry
- ✓ We take the topic extremely seriously
- ✓ We see ourselves in a potentially leading position compared to competition in offering recyclable solutions for our customers
- ✓ Our EcoLam solution puts us technically in a leading starting position, which we can build on and develop



Constantia Flexibles is among the 3% that has been awarded a CDP Supplier Engagement Leader (Score A-)

## Transparency



## Responsible & Ethical sourcing



# — Did you know that?

	Glass	Paper	Multilayerplastics	Biodegradable Plastics	Recyclable Plastics
Merits	<ul style="list-style-type: none"> <li>+ <b>Unlimited resource</b> for production</li> <li>+ <b>Recycling infrastructure</b></li> </ul>	<ul style="list-style-type: none"> <li>+ <b>Limited but renewable resource</b> for production</li> <li>+ <b>Recycling infrastructure</b></li> </ul>	<ul style="list-style-type: none"> <li>+ <b>Cost and resource efficient in production</b></li> <li>+ <b>Weight / transportation cost</b></li> <li>+ <b>Cost efficient in recycling</b></li> </ul>	<ul style="list-style-type: none"> <li>+ <b>Partially renewable</b> resource in production</li> <li>+ <b>Weight / transportation cost</b></li> <li>+ <b>Some (but not all)</b> grades of bioplastics are <b>degradable</b> in the natural environment (under industrial conditions)</li> </ul>	<ul style="list-style-type: none"> <li>+ <b>Cost and resource efficient in production</b></li> <li>+ <b>Weight / transportation cost</b></li> <li>+ <b>Established collection and recycling systems</b></li> <li>+ <b>Products containing recycle have lowest environmental impact</b></li> <li>+ <b>Increasing harmonisation of guidelines on design-for-recycling</b></li> </ul>
Disadvantages	<ul style="list-style-type: none"> <li>× <b>Weight / transportation cost</b></li> <li>× <b>Energy intensive</b> production and recycling</li> </ul>	<ul style="list-style-type: none"> <li>× <b>Lack of barrier and sealability</b></li> <li>× <b>Coated paper</b> can at best be <b>downcycled</b></li> <li>× <b>Coated paper does not bio-degrade</b></li> </ul>	<ul style="list-style-type: none"> <li>× <b>Limited resource</b> for production</li> <li>× <b>Does not bio-degrade</b></li> <li>× <b>Recycling infrastructure underdeveloped</b></li> <li>× <b>Mixed plastics</b> make recycling more complex</li> <li>× <b>Dark inks and other disturbing additives</b> often allow only for <b>downcycling</b></li> </ul>	<ul style="list-style-type: none"> <li>× <b>Degradation of bioplastics releases CO<sub>2</sub> and methane</b></li> <li>× <b>Will not degrade in real-life natural environment</b></li> <li>× <b>Significantly higher price</b> than conventional plastics</li> <li>× <b>Lack of collection and sorting infrastructure</b></li> </ul>	<ul style="list-style-type: none"> <li>× <b>Can (not yet) be reused for food-contact applications</b> due to regulation</li> <li>× <b>Dark inks and other disturbing additives</b> often allow only for <b>downcycling instead of full recycling</b> (will improve with design-for-recycling)</li> </ul>

**Recycled plastics currently represent one of the most economically viable option with the best eco-balance in order to address arising sustainability concerns**

Sources:  
Industry experts, press

## — Ready for a sustainable future

We will meet the need for a more planet-friendly future by...

- Promote existing and revolutionary sustainable packaging solutions developed by Constantia Flexibles under Ecolutions (focus on recycle-ready material)
- Industrial ramp up since August 2019 of our **Greenfield factory** in India, fully dedicated to sustainable mono-material barrier packaging solutions
- First customer approvals and revenues
- European license partner ready as of April 2020



# — Constantia is at the forefront of innovation in sustainable flexible packaging solutions

Constantia is actively advancing new innovations to :

- Gradually **eliminate non recyclable multi materials** (e.g. PVC, PET...)
- Enable **mono-layer materials** to match **functionality and barrier properties** of non-/hardly recyclable multi-layer materials

Constantia's **patented EcoLutions product family** actively addresses the need for **fully recyclable high-barrier packaging solutions**



## EcoLam

- Lightweight laminate
- Fully recyclable
- Mono-material



## EcoCover

- 48% reduced carbon footprint
- Fully recycling-ready



## EcoPouch

- >85% renewable
- Compostable<sup>(1)</sup> and bio based certified



## EcoTainerAlu

- Recyclable
- Use water instead of solvent based lacquers



## EcoLamPlus

- Transparent full PE laminate
- Excellent barrier properties

# — What makes ECOLAM outstanding?



**Similar barrier to current structures**



**Recyclability and market for regranulat**  
existing in most of the countries



**Recyclable as LDPE or HDPE, laminates certified** in Europe and in India

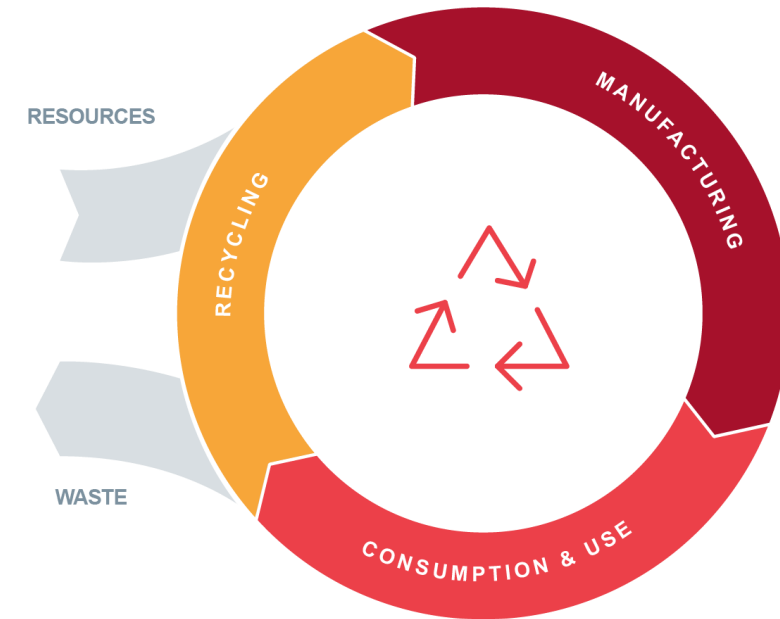


**Feel good factor for the consumer**  
from purchasing a 'sustainable'  
packaging product



**Less temperature required for recycling**

## Ready for the circular economy



RecyClass™



PEOPLE	PASSION	PACKAGING	
<p data-bbox="343 406 700 506"><b>Global Market Leader</b></p> <ul data-bbox="293 578 700 1078" style="list-style-type: none"><li>• #2 in Europe / #3 Globally</li><li>• 60% of sales with #1 or #2 position</li><li>• Strong platform in fast-growing emerging markets<ul style="list-style-type: none"><li>• #1 in Turkey</li><li>• #2 in South Africa</li><li>• #2 in Mexico</li><li>• #3 in India</li><li>• #3 in Russia</li></ul></li></ul>	<p data-bbox="853 406 1210 506"><b>Technology &amp; Innovation</b></p> <ul data-bbox="789 578 1248 1192" style="list-style-type: none"><li>• Leader in foil with distinct competitive advantage</li><li>• Extending differentiation to film</li><li>• Robust innovation pipeline</li><li>• Intimacy with customers collaborating on innovations / bespoke solutions</li><li>• Ecolutions as a future growth driver</li></ul>	<p data-bbox="1350 406 1707 506"><b>Entrepreneurial Culture</b></p> <ul data-bbox="1299 578 1758 1078" style="list-style-type: none"><li>• Well-diversified loyal employee base<ul style="list-style-type: none"><li>• Avg. employee tenure of ~12 years</li></ul></li><li>• Entrepreneurial mindset</li><li>• Ability to deliver the “Constantia Standard” globally<ul style="list-style-type: none"><li>• Building trust</li><li>• Supplying security and quality</li></ul></li></ul>	<p data-bbox="1834 406 2229 506"><b>Multiple avenues of growth</b></p> <ul data-bbox="1809 578 2242 1113" style="list-style-type: none"><li>• History of continuous growth<ul style="list-style-type: none"><li>• 2010-June 2019 LTM CAGR of 8 % in sales</li><li>• Successful platform M&amp;A investments</li><li>• 7 deals since 2015 with €360MM of sales</li></ul></li><li>• Our sustainable solutions to offer further growth opportunities</li></ul>