

# Constantia Flexibles

2020 Wendel Investor Day



2020

LONG-TERM INVESTOR



WENDEL



**€565m**

equity invested since 2015

**60.8%**

equity stake

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

- #2 in Europe and #3 Worldwide
- Resilient through the covid 19 crisis
- New management appointed to regain competitive strength through improved operational efficiency in face of challenging competitive environment
- Opportunity to leverage customers' focus on sustainability and generate growth

## — Pim Vervaat – CEO of Constantia Flexibles

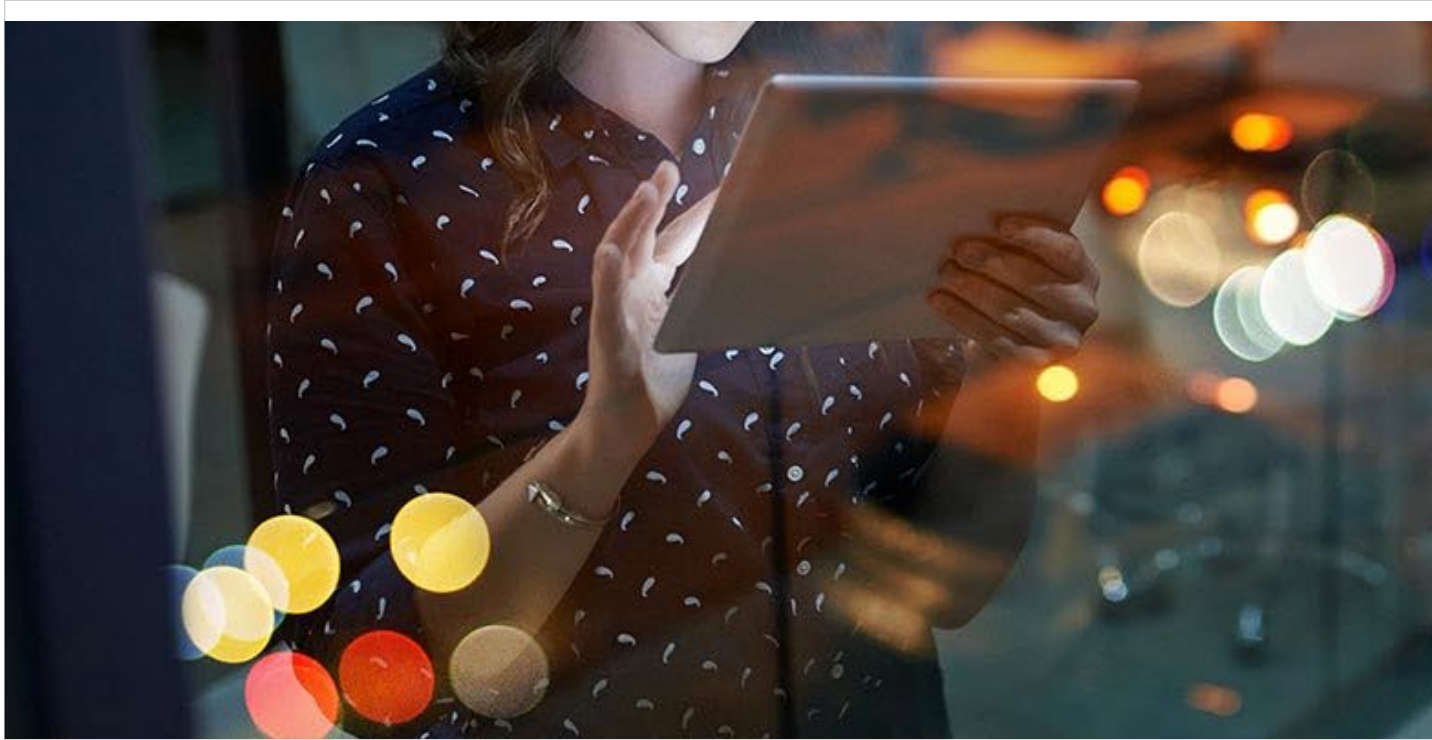


Pim Vervaat has been Constantia Flexibles' Chief Executive Officer since 1 July 2020.

Pim has **broad experience** in a variety of international manufacturing industries, **in public companies and in the private equity world**.

Prior to Constantia Flexibles, he was CEO of RPC Group plc. between 2013 and 2019, a global design and engineering business in plastic products (the largest market being packaging) during which a TSR of close to 200% was achieved whilst sales quadrupled to circa €4 billion. He joined as CFO of RPC Group plc. in 2007. Prior to this he held various finance functions within the industrial sector including Finance Director of the £3bn turnover Corus Distribution and Building Systems Division of Corus Group Plc from 2004 to 2007.

He was appointed as a non-executive director of Avon Rubber Plc. on 1 March 2015. On September 1, 2020 Pim joined the Luceco Plc board as Senior Independent Director.



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# Business model

## 2 business segments

## Product Examples

## Blue chip customers



Constantia Flexibles is a global leader in flexible packaging

**€1.5bn sales**  
in 2019

**11.5% EBITDA margin**  
in 2019



~78%



~22%

Lidding die cut



Confectionery foil and film



Snack laminates



Dried food laminates



Alu-container systems



Blister lidding foil



Coldform foil



Sachet foil



Stick pack foil



Contact lens foil



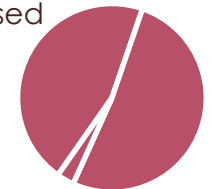
## Sales by region



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

43%

Film-based



55%  
Foil

2%

Paper-based

## — How COVID19 impacted the company

### **General comments on how the COVID19 impacted the Company**

- 9M 2020 sales up +0.5% organically YoY reflecting a very strong performance in the Pharma market, up +9.4 %, but offset by a modest decline in the Consumer market (-2.3%) due to lockdowns' measures in India, South Africa and Mexico.
- Peak in consumption at the end of Q3 from European consumer business benefiting from an increase in at-home food consumption was not sufficient to offset difficulties in emerging markets.
- EBITDA as of end of June was up +4.7% at €97.1 million (+40 bps YoY), a 12.7% margin, mostly driven by various cost reduction initiatives conducted over the past 12 months and a positive benefit from falling raw material prices.

### **From a business point of view (main markets & geographies)**

- Within the context of COVID-19 outbreak, Constantia Flexibles benefited from the essential nature of its products and showed resilience in a volatile macro market.
- The EcoLam sustainable technology, with superior recyclability, was rolled out in India in November 2019 but the roll-out of this new material has been slower than expected due to the difficulties of testing it with customers.

### **Organisation: actions taken to protect employees**

- Constantia Flexibles has taken measures to ensure the safety of its employees at offices and plants (remote work, social distancing, temperature checks, disinfectant) and so far has not seen any significant disruptions to its production sites.
- Constantia focused its efforts on keeping its global supply chain running uninterrupted and has largely succeeded in that to the extent allowed by local authorities.

## — Business actions taken to adapt to the situation

Constantia Flexibles has implemented a series of measures to ensure continued production:

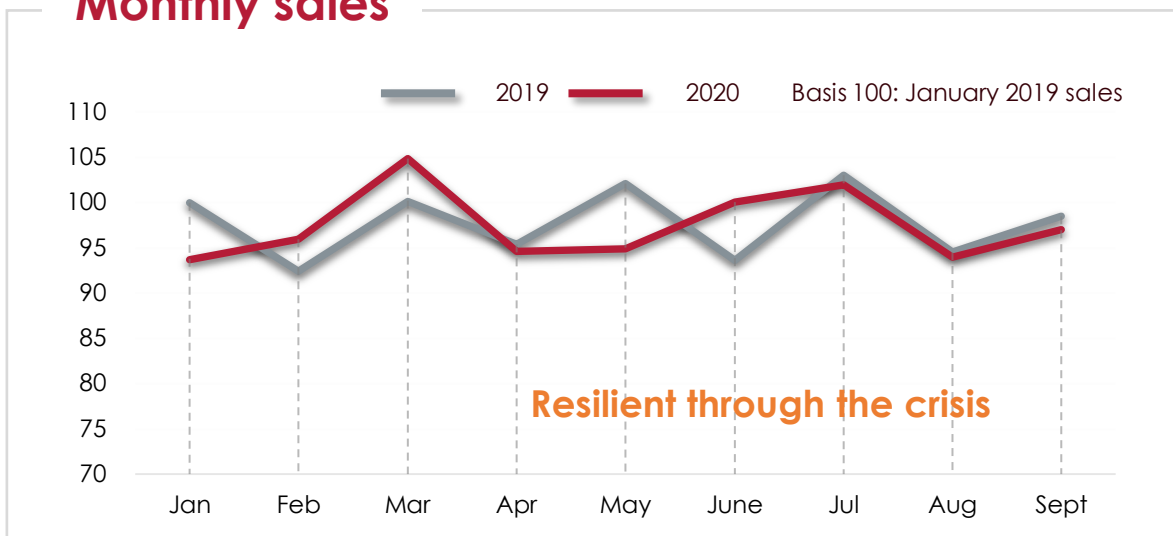
- Temperature checks prior to entering factories
- Additional disinfection
- Social distancing
- Self isolation where necessary in case of suspicious cases
- Home office for white collar staff as much as possible

Regular monitoring of supply chain to ensure sufficient raw materials are available for production → so far no disruptions to production.

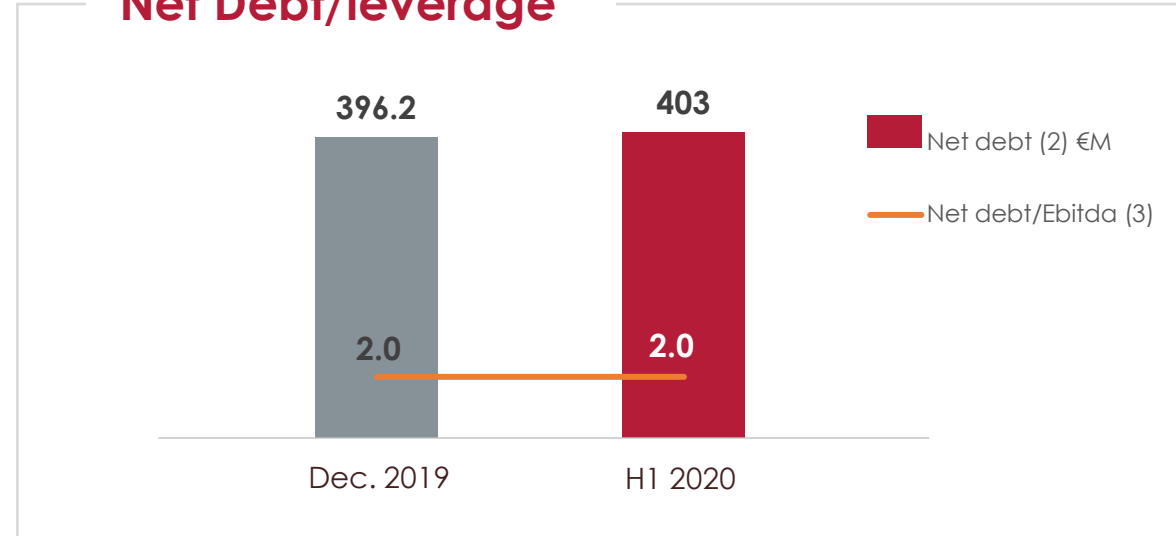
Biggest areas of concern remain in India, US, Mexico as well as impact of 'second wave' in Europe.

# Financial impact following the crisis

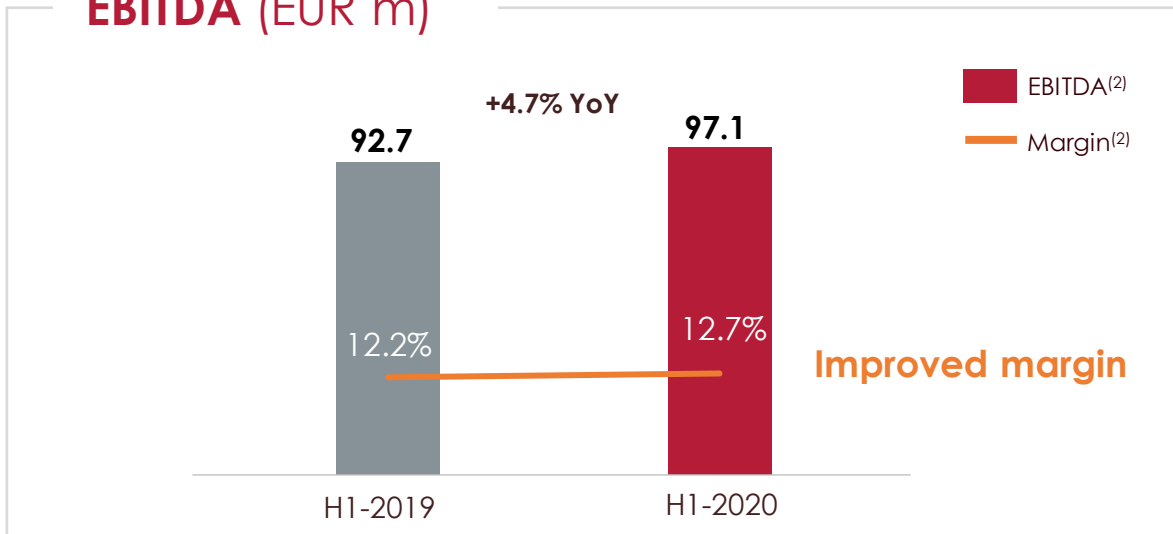
## Monthly sales



## Net Debt/leverage



## EBITDA (EUR m)



- Cash flow conversion ratio: c.45% <sup>(1)</sup>
- Capex intensive activity with potential for working capital optimization

(1) Free cash flow conversion rate, 3-year average: (Adjusted EBITDA - CAPEX) / Adjusted EBITDA  
 (2) After IFRS 16  
 (3) As per credit documentation



## — Vision 2025 Strategy is being prepared and new organisation model has been implemented

Full review of business has been undertaken.

General observations:

- Good, experienced team at all levels, eager to perform
- Morale could be improved and organization has become too complex

New operational model:

- Empowering four new divisions: Film, Aluminum, India, Pharma
- Reducing HQ overheads and improving agility
- Enlarged executive committee

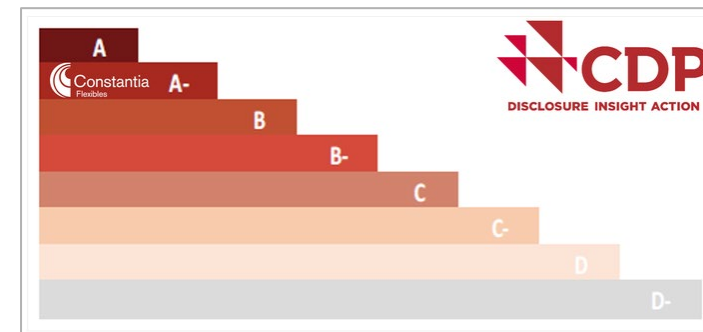
New strategy (Vision 2025) under preparation.

## Sustainability Strategy: a key market differentiator

### Constantia Flexibles pledges that 100% of its consumer and pharma packaging will be recyclable by 2025

- ✓ 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.
- ✓ We believe our EcoLam solution puts us technically in a leading starting position, which we can build on and develop.

For more information, see Wendel's 2019 URD, page 215 and <https://www.cflex.com/sustainability/>



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

### Transparency



### Responsible & Ethical sourcing



## Key takeaways



Resilient performance in light of Covid-19 pandemic



New operational model implemented with effect from 1 November



Innovative ESG strategy with new mono-material (Ecolam) and green strategy



Delays in the Ecolam product, partly due to the Covid-19 issues in India



Good cost-control and contingency measures to react to Covid-19 impact supported by a tailwind from falling raw material prices (likely to unwind in 2021)



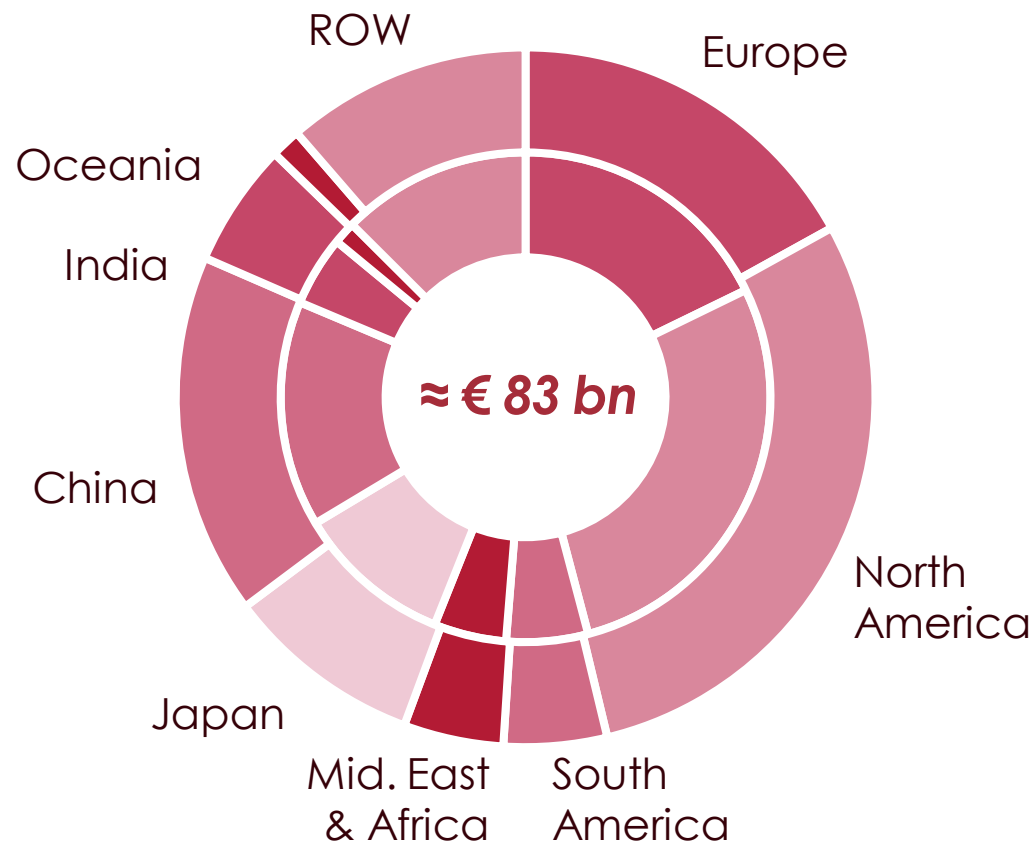
A new management team in place to return Constantia Flexibles' to a more profitable growth path

# Appendix



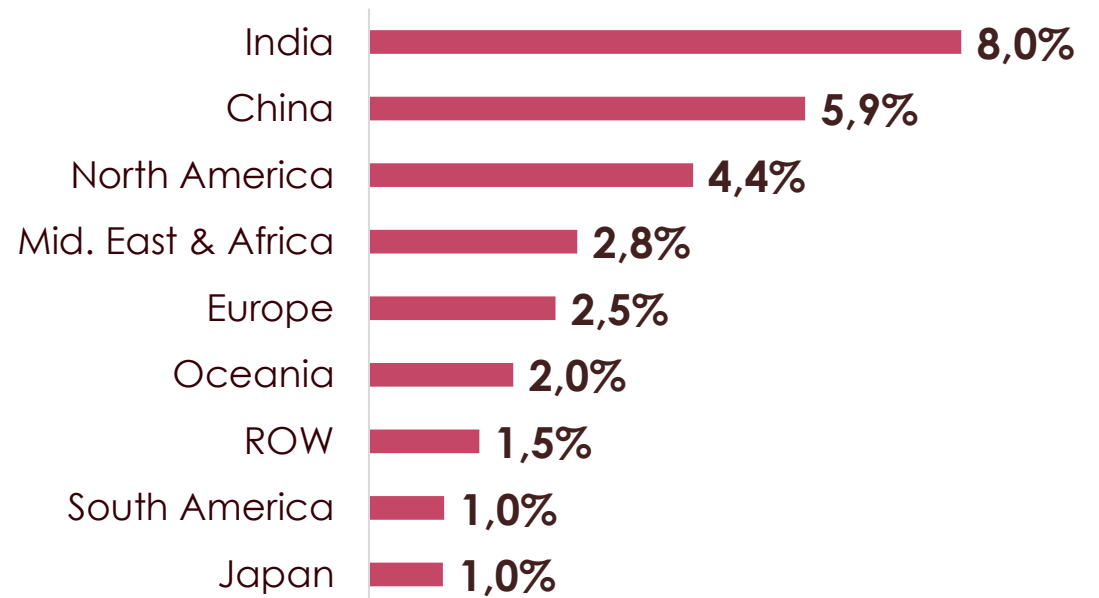
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# Total Flexible Packaging Market: Size & Growth by Region



Inner ring: 2019  
Outer ring: 2024

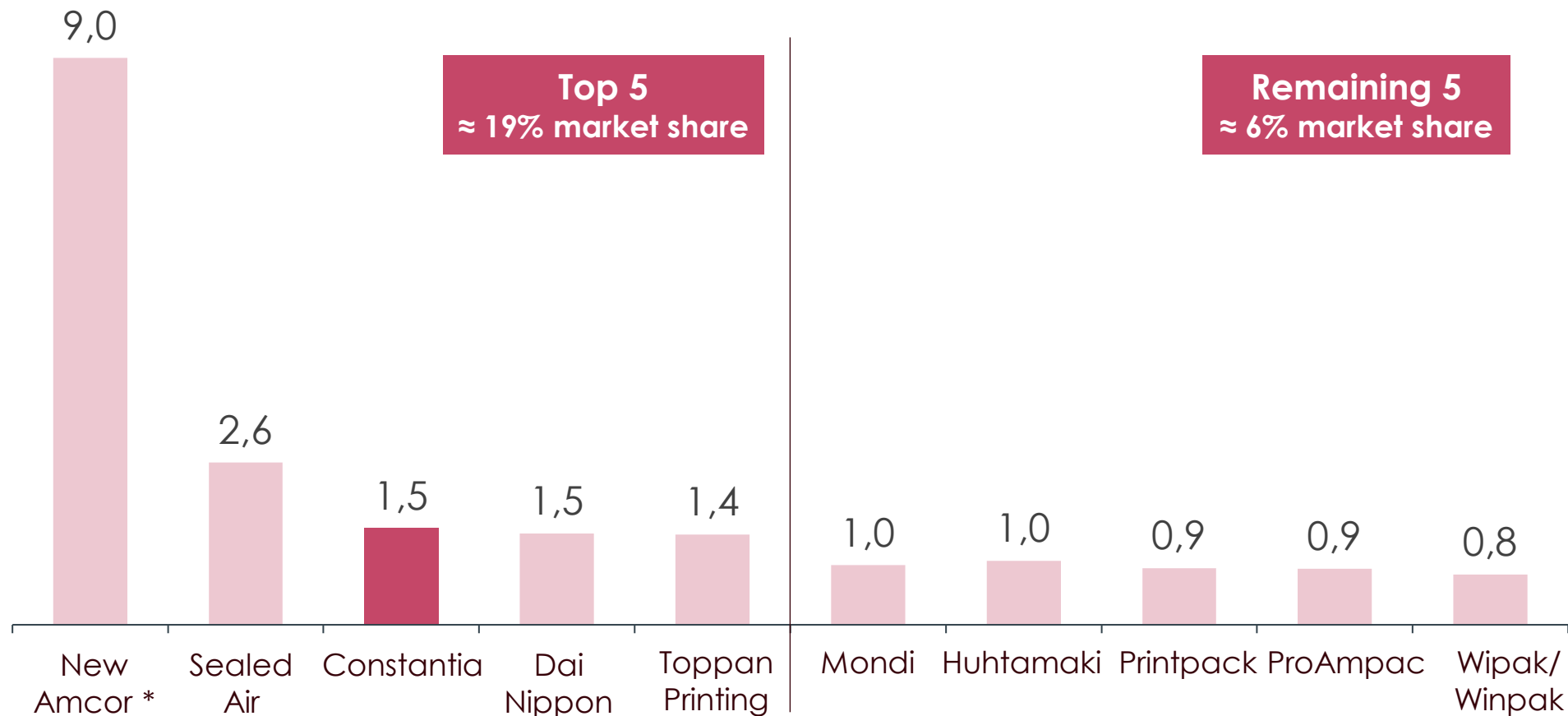
## Global flex. Packaging market CAGR (2019 - 2024)



Emerging Markets account for > 40% of global flex. pack. ; both India and China account for ~40% of growth until 2024 (absolute value)

# 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.