



## Acquisition of Constantia Flexibles

# Transaction overview

- On December 23, Wendel signed a share purchase agreement to acquire Constantia Flexibles, a global leader in Flexible packaging

In recent years Constantia Flexibles has developed from a supplier with a strong European regional focus into a group which is active on a global basis in the world's most attractive and fastest-growing markets for flexible packaging.

Constantia Flexibles group supplies its products to numerous multinational corporations and local market leaders in the food, pet food, pharmaceuticals and beverage industries.

Constantia Flexibles stands for premium positioning, leading technology, customer proximity and highly efficient production facilities.

- Deal's key figures

- **Enterprise value of €2.3 billion** i.e. ca. **9x 2014e EBITDA**
- **Debt leverage of ca. 5x 2014e EBITDA**

- Timing

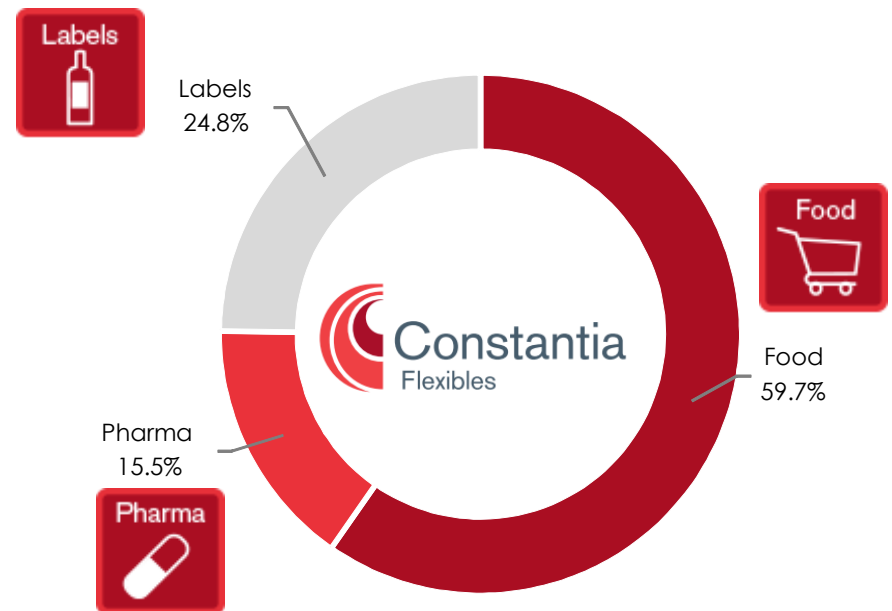
- The transaction is expected to close in the first half of 2015, subject to necessary consultations and authorizations

# Company snapshot

## Constantia Flexibles in figures

- **#2** market position in Europe
- **#4** market position globally
- leading (#1 or 2) market positions in key segments
- FY2013 revenues over **€1.6bn**
- FY2013 EBITDA **€233m** i.e. **14.3% margin**
- **>8,000** employees
- **43** production facilities in **18** countries worldwide
- The company serves global customers in over **115** countries

## 2013 FY sales by segment



# The vast product portfolio is grouped into 3 divisions



Lidding die cut



Blister lidding foil



Pressure sensitive labels



Confectionery foil and film



Suppository foil



Aluminum foil bottle neck



Snack laminates



Stick pack foil



Aluminum lid labels



Dried food laminates



Sachet foil



Wrap around labels



Alu-container systems



Wipe film



In-mould decoration



# Innovation driven by customer needs

## Customer needs

Sustainability

Child resistance

Cost saving

Barrier

Brand differentiation

High functionality

Convenience

## Innovation examples

### ✓ Feinschmecker Pouch

Dry Soup Packaging peelable the first time

- Combination of two flaps and easy peel opening allows opening in a very convenient way
- No additional equipment such as scissors or knife needed
- Pack does not get split into two pieces compared to conventional packages with tear opening



### ✓ Aseptic Pouch

Reel-fed plastic material for aseptic packaging of pouches containing orange juices, dairy, etc. A range of spouts can be included.

- No undesired liquid spill
- Reduced environmental impact vs. rigid containers
- Long shelf life with no preservatives



### ✓ CONSTANTIA Perform

Lidding Foil for High Performance Packaging.

Easy and clean opening, high mechanical consistency against abrasion of the print, sensitive for lasermarking (print of 2D-code, lot-no. and date of expiry)



### ✓ Thermochromic Labels on metalized paper

- Thermochromic inks are activated and at set temperatures colors will appear and disappear
- Advantage vs. current roll-fed labels is that the adhesive is mended on the label and can run at high speed



room temperature

cooled

# Investment thesis

1

Large and growing market

2

Global player with leading positions in segments on which it competes

3

Strong and resilient financial performance

4

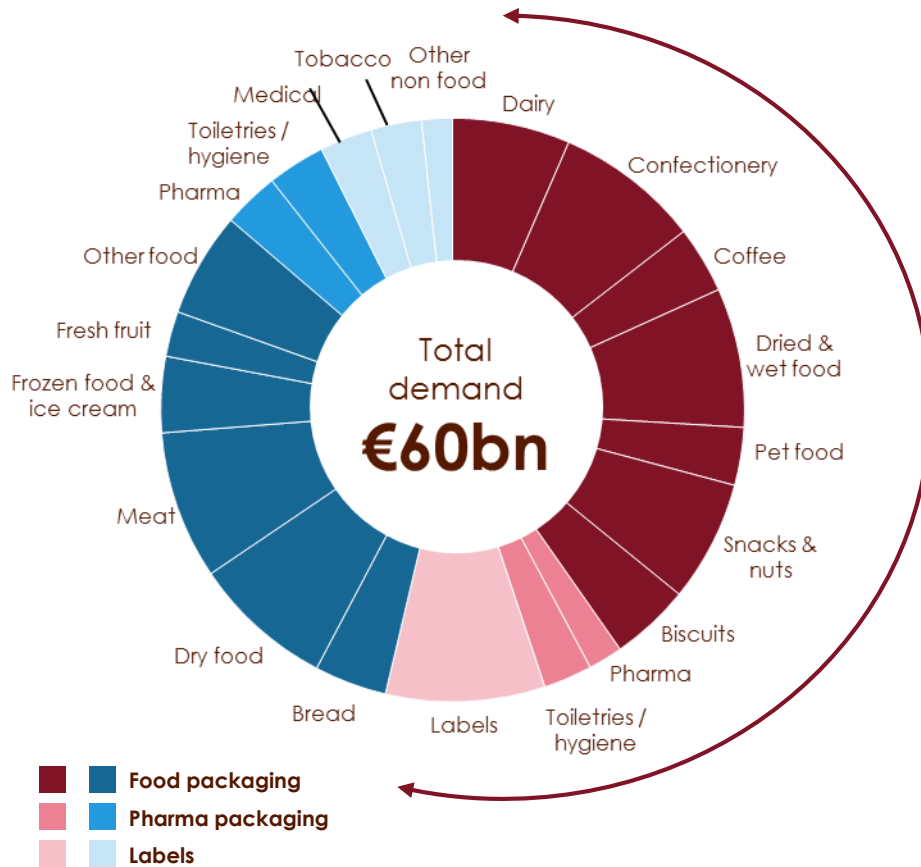
Ability to drive market consolidation suggested by M&A track-record

5

Development strategy & outlook

# Large and growing market

Total relevant market 2013



Constantia Flexibles addresses **more than 50% of a total relevant market worth €60bn**

# Large and growing market

Secular trends drive demand for flexible packaging applications




Global trend	Demand drivers		Flexible packaging solutions
<b>Urbanisation</b>	<ul style="list-style-type: none"> <li>Transition from unpacked to packed food</li> <li>Large families to small families</li> <li>Increased shelf life due to longer supply chains</li> </ul>		  <p><b>Packaged food</b></p>
<b>Growing middle class</b>	<ul style="list-style-type: none"> <li>Aspirational buying</li> <li>Smaller packaging</li> </ul>		  <p><b>Premium brand packaging</b> c.8x packaging material for capsules compared to traditional vacuum packs</p>
<b>Premiumisation</b>	<ul style="list-style-type: none"> <li>Demand for better quality packaging</li> <li>Focus on convenience and functionality</li> <li>Importance of marketing to drive branding</li> </ul>		  <p><b>Convenient packaging</b></p>
<b>Health</b>	<ul style="list-style-type: none"> <li>Ageing societies consuming more pharmaceuticals</li> <li>Emerging market healthcare standards rising</li> </ul>		  <p><b>Cold-form blister</b></p>
<b>Sustainability</b>	<ul style="list-style-type: none"> <li>Lower carbon footprint</li> <li>Down-gauging and material engineering</li> </ul>		  <p><b>Flexible packaging</b></p>



2

## Global player with leading positions in segments in which it operates

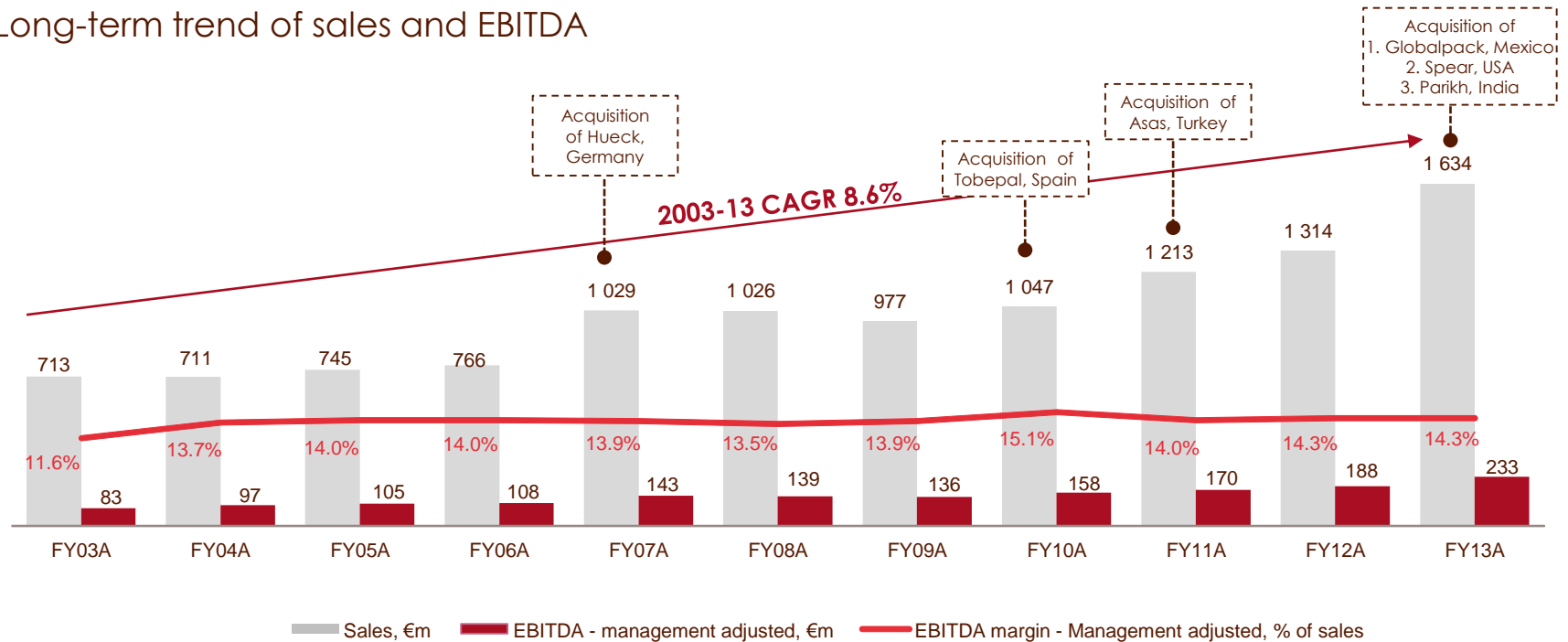
- **European #2**
- **Global #4**
- **~60% of 2012 sales** were generated in market segments where Constantia Flexibles is **#1 or #2**

	 <b>Food</b>	 <b>Pharma</b>	 <b>Labels</b>		
€m	<b>Confectionary foil</b>	<b>Blister foils</b>	<b>Coldform flexible</b>	<b>Beer labels</b>	<b>In-mould labels</b>
Position (global)	<b>#1</b>	<b>#2</b>	<b>#2</b>	<b>#1</b>	<b>#1</b>

Source: Constantia Flexibles IPO Prospectus November 2013

# Strong and resilient financial performance

## Long-term trend of sales and EBITDA



Source: Constantia Flexibles

Amounts disclosed for 2003-2009 relate to the flexible packaging business and do not necessarily include an appropriate share of central overhead costs incurred by Constantia Packaging AG (then holding company), or any adjustments which may have been appropriate relating to non-recurring items.

# Ability to drive market consolidation suggested by M&A track-record



## Tobepal, Spain

**Revenues:** ~€100m

**Employees:** 407

**Rationale:** Entry into Spanish flexible packaging market and expansion of presence in both the HPC and dried food business



## Globalpack, Mexico /USA

**Revenues:** ~€180m

**Employees:** 1,500

**Rationale:** Consolidation of presence in North and Central America and establishment of a low cost manufacturing base close to the US market



## Parikh, India

**Revenues:** ~€20m

**Employees:** 500

**Rationale:** Entry into the fast growing Indian market through one of the top 10 local producers of flexible packaging



## Asas, Turkey

**Revenues:** ~€60m

**Employees:** 360

**Rationale:** Access to the food packaging markets of Turkey, SEE and Middle East with a low cost manufacturing base



## Spear, USA

**Revenues:** ~€150m

**Employees:** 650

**Rationale:** Gain of access to the PSL market segment and expansion of global presence in the labels market into North America and South America

## Growth drivers, development strategy & outlook

- Market consolidation
  - Opportunities to be seized via acquisitions, strong pipeline and M&A track-record
- Enter new emerging markets through acquisitions
  - Exposure to emerging markets increase already on track: >30% of 2014e sales vs.<20% in 2011
- Clear commercial roadmap, with division-specific strategies
- Well-identified priority focus areas for additional operational improvements
  - Portfolio and footprint optimization
  - Implementation of a strong group Operational Excellence unit
  - Set-up of value engineering program



Q&A