



## **Constantia Flexibles increases sales and earnings in 2015**

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Constantia Flexibles, one of the world's leading flexible packaging and labels companies, successfully pursued its global growth strategy in the financial year 2015, with two new acquisitions in growth markets and a year-on-year increase in sales and operating earnings, as guided.

According to preliminary results, sales in 2015 increased by 9.4% year-on-year to 1.89 billion €. Sales adjusted for the effects from exchange rate fluctuations grew by 5.8% compared to the previous year. The strong appreciation of the USD against the Euro was the main factor influencing all divisions in the Group.

The strong sales growth resulted from all business divisions and was achieved primarily by strong volume increases in all regions. The company's Top 10 customers represented 31.5% of Group sales in 2015, with no customer representing more than 5.6% of the total sales.

“On behalf of the Board of Management, I would like to thank our dedicated employees for achieving another sales and operating earnings increase in 2015 – our sixth year in succession,” said Alexander Baumgartner, CEO of Constantia Flexibles. “We will proceed with our integration of the recent acquisitions Afripack in Africa and Pemara in South East Asia and will look for further opportunities as part of our ongoing global expansion strategy.”

Operating profit before interest, tax, depreciation and amortization (EBITDA) before special items was 263 million €, an increase of 3% compared to the previous year. As a result, EBITDA margin was 13.9% compared to 14.7% a year earlier.

Throughout the Group, various cost reduction and efficiency programs were initiated or intensified. Yet, the margin was below the previous year's level due to a change in the product mix (above-average growth in the Food division), increased competitive pressure in individual niche markets, as well as additional costs for the ramp-up of new projects as part of the company's growth strategy. The number of employees (full time equivalent FTEs) increased by roughly 25% year-on-year to 10,086 at the end of December 2015, driven above all by the acquisitions of Afripack and Pemara.

## **Food**

Food division sales increased by 7.5% year-on-year to 1.1 billion € in 2015. Adjusted for currency effects, sales increased by 4.7%. The growth in terms of key account customers in Europe was particularly pleasing.

There was a further increase in sales of aluminum foil containers for pet food and dairy product packaging in Eastern and Western Europe, while sales of convenience-food packaging and foils for confectionery remained stable compared to 2014.

The growth of portion packs, especially for coffee and tea, in which the Food division offers customers innovative system solutions for modern household machines, also contributed to the sales increase.

In the markets of North America and the emerging markets, there was a significant increases in sales in the field of snack packaging, in particular through the production plants in India and Mexico.

EBITDA in the Food division improved by 2.2% year-on-year to 154 million €. This corresponds to an EBITDA margin of 13.7% (2014: 14.4%). The slight decrease in the margin was due to above-average growth, both in the field of plastic-based products and in the emerging markets and the resultant shift in the product and regional mix. Ramp-up costs for new projects also affected the margin.

## **Pharma**

In 2015, Pharma division sales rose by 7.9% year-on-year to 296 million €. Adjusted for currency effects, sales increased by 7.1%.

The three product groups, coldform, sachet and blister, were responsible for the growth, with double-digit growth achieved in the first two product groups. This increase resulted from rising demand for high-density packaging materials, in order to protect highly-sensitive pharmaceuticals on the way to the patient. The remaining product groups also ended the 2015 financial year with stable growth.

In 2015, Constantia Flexibles was able to achieve a high, above market average sales growth in Western Europe and America. In addition, sales in one of the key regions Middle East Asia were increased by a high double-digit percentage. In Eastern Europe, there was a slight decline in sales.

The Pharma division once again increased its EBITDA in 2015 - this time by 3.9% year-on-year to 49 million €. The EBITDA margin fell to 16.4% (2014: 17.1%). due to price reductions as a result of competitive pressure in several market segments.

## **Labels**

In 2015, sales in the Labels division rose by 11.7% year-on-year to 541 million €. Adjusted for currency effects, sales increased by 5.5%.

The major growth markets of the division were North and South America, Africa and Asia/Pacific, with double-digit growth rates. Sales in Europe remained stable.

Once again, innovation was the key growth driver in product markets. The new developments in recent years, such as recycling-friendly self-adhesive labels, haptically enhanced self-adhesive labels and various in-mold labels, contributed significantly to the strong growth.

EBITDA of the Labels division increased by 7.0% year-on-year to 94 million €. This results in an EBITDA margin of 17.3% (2014: 18.1%). The declining margin is mainly due to both the increasing competition in the core products for labels and the unfavorable price developments for plastic materials.

## **Outlook**

The global economic environment remains challenging. However, Constantia Flexibles judges its prospects positively for 2016 after a promising start to the year. Sales and operative EBITDA are both expected to grow year-on-year,

with the focus moving towards more profitability and cash generation. A better quality of earnings is targeted through cost competitiveness, while ongoing operational excellence activities to improve production processes will further improve efficiency.

Sales will continue to be driven by leveraging the company's strong relationship with key customers and promoting in-house innovation based on our expertise in foil- and film-based products, as well as in-mold and pressure-sensitive labels.

Editors' Note:

The results published here are at Constantia Flexibles Group GmbH level and are different to the Constantia LUX Parent S.A. level published in the The Wendel Group consolidated results. This level of reporting for Constantia LUX Parent S.A. includes the full bank liabilities under the Senior Facilities Agreement (SFA) tied to the acquisition of the company by The Wendel Group.

**Constantia Flexibles will publish more detailed results in its financial report on April 25, 2016.**

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 and close to 10,000 employees worldwide. The company produces at 53 sites in 23 countries.

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