

# Constantia Flexibles

2021 Investor Day



WENDEL

# — Constantia Flexibles



**€565m**  
equity invested since 2015

**60.8%**  
equity stake

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

- #2 in Europe and #3 Worldwide
- Resilient activity levels throughout the covid 19 crisis
- Management focused on passing through unprecedented input price increases and implementing company's Vision 2025 strategy

# — 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 non-executive director (chairman of the audit committee and SID) of Avon Rubber Plc. from 1 March 2015 to January 2021. On September 1, 2020 Pim joined the Luceco Plc board as Senior Independent Director.

## — Richard Kelsey – CFO of Constantia Flexibles



Richard Kelsey has been Constantia Flexibles' Chief Financial Officer since 1 October 2020.

Richard has **over 20 years' experience** in a variety of financial roles. He joined Constantia Flexibles in October 2010 and spent six years as head of mergers and acquisitions before moving into a role as head of group accounting and controlling.

Prior to Constantia Flexibles, he has worked in various roles in the financial services sector. He is a chartered accountant and CFA charterholder.





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# — Business model

## 2 business segments



Constantia Flexibles is a global leader in flexible packaging

**€1.5bn**

**sales**  
in 2020

**12.7%**  
**EBITDA margin**  
in 2020



**~76%**



**~24%**

## Product Examples

Lidding die cut  
Confectionery foil & film  
Snack laminates  
Dried food laminates  
Alu-container systems



Blister lidding foil  
Coldform foil  
Sachet foil  
Stick pack foil  
Contact lens foil



## Blue chip customers

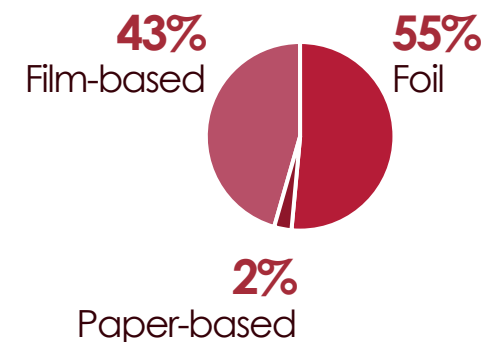


## Sales by region



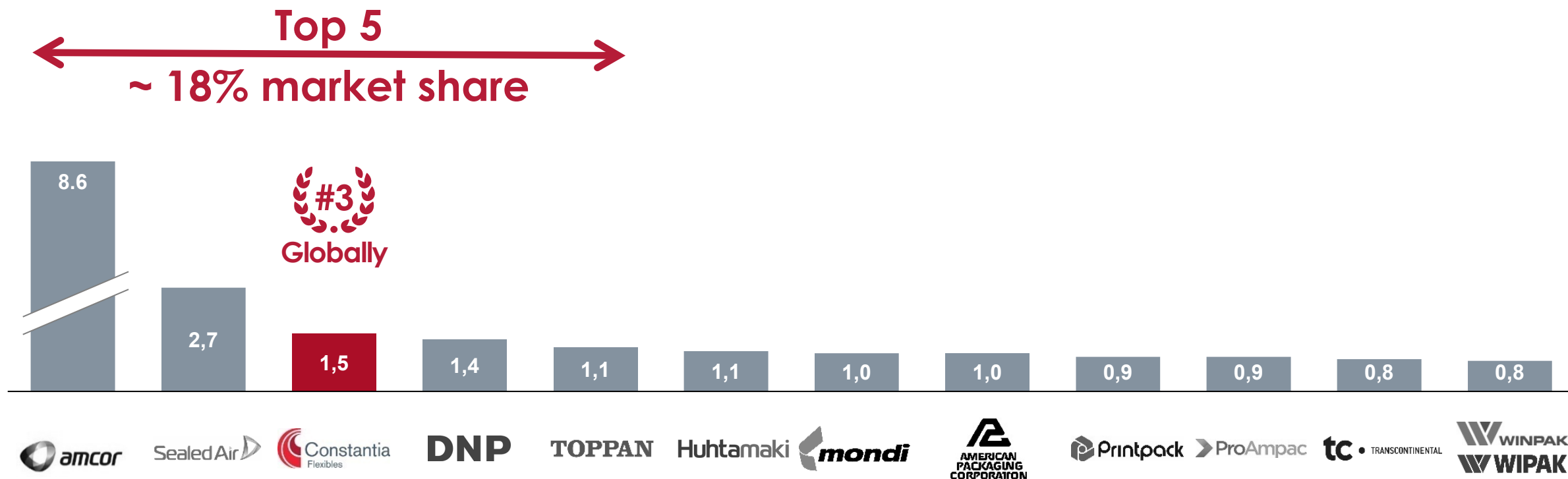
**66%** Europe  
**17%** America  
(USA/Mexico)  
**6%** Middle East/  
Africa  
**11%** Asia/Pacific

## Sales by products



# Fragmented flexible packaging industry

Revenue (est. FY 2020 in € bn)



**The packaging market continues to consolidate**

(1) Sources: company annual reports, Wood Mackenzie reports and internal information.

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

# — Journey since July 2020

Organisation was “*stuck in the middle*” with an unsuccessful globalisation strategy and financially underperforming its peers



**Strong management team in place to execute Vision 2025 strategy**



## Success factors of Constantia Flexibles Vision 2025

### Our **4 key pillars** to win

- ① Further improve our own performance
- ② Drive organic growth through innovation and sustainability initiatives
- ③ Selectively consolidate European market
- ④ Optimize our global presence

# — Goals of Vision 2025

Vision **2025** 



## **Growth**

Organic growth of at least 2% p.a.  
(through the cycle)



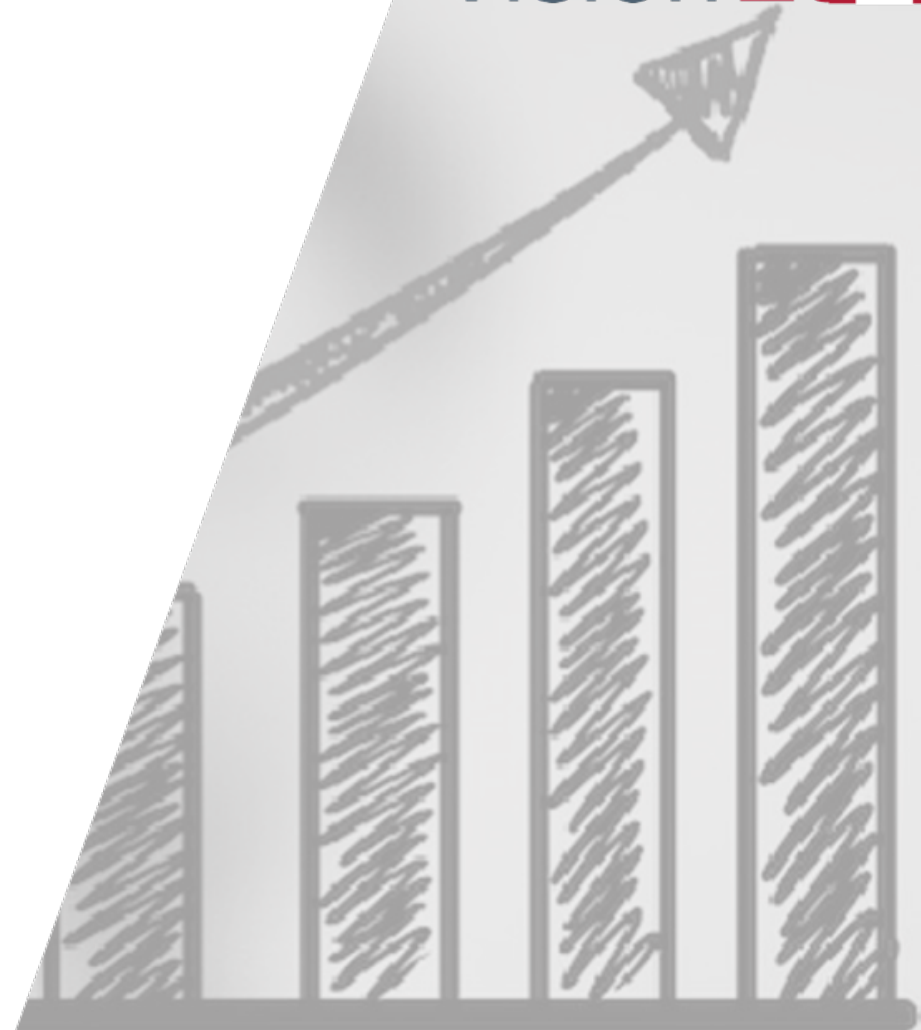
## **EBITDA**

Achieve an EBITDA margin  
of at least 14% of sales



## **ROCE**

well above the cost  
of capital of 10%



# — Sustainability Challenge: *a world without packaging waste*



## Providing packaging with the highest benefit at the lowest impact on the environment

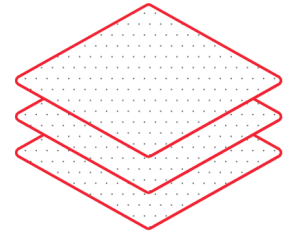
We need to move from a LINEAR to a CIRCULAR economy. This also requires clear and harmonized legislation in single market and worldwide.

Reduce  
Recycle  
Reinvent

## Holding everyone accountable along the value chain

We can only accomplish a circular economy through broad collaboration, innovation, and investment to collect, sort, and recycle all flexible packaging.

OPE \_\_\_\_\_  
Met barrier OPE \_\_\_\_\_  
PE \_\_\_\_\_



## Designing mono-materials for better recycling

We need to move from multi-materials to mono-materials. All flexible packaging needs to be designed to be recycled while keeping the crucial properties of packaging.

# — Sustainability Solutions: *360° ecolutions approach*

- ✓ We address the transformation challenge for all substrates with our Ecolutions portfolio
- ✓ Our strategy is a 360-degree approach offering sustainable solutions for all major packaging groups
- ✓ Our Ecolutions portfolio ensures that our packaging continues to preserve food and reduce waste. Our products can be recycled or reduced (by weight) and at the same time, we can increase their recycled content
- ✓ Our Ecolutions portfolio has already been adopted by several FMCG companies in different end markets and can be seen on supermarket shelves!

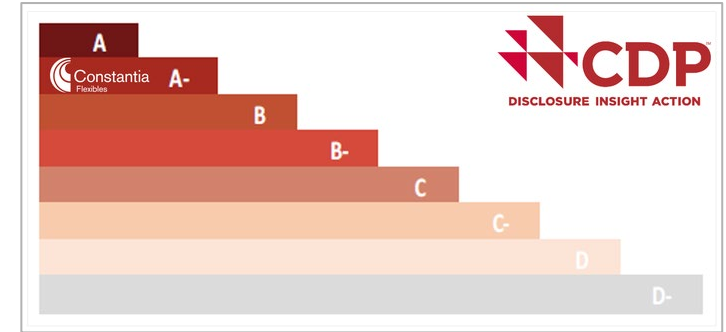
**Aluminum**



# — Sustainability Transformation: *the key market differentiator*

## Constantia Flexibles is amongst the few market players who are actively transforming the industry

- ✓ Sustainability capabilities are already today a key differentiator for competitive advantage
- ✓ We believe our Ecolutions product portfolio puts us in a leading position, which we can build on and develop further
- ✓ Our strong focus is to continue to offer more sustainable film, aluminum, and paper-based packaging for our clients.



We are proud to be among those companies that achieved CDP Climate Change Leadership level (A-) for our climate change efforts

## Transparency



## Responsible & Ethical sourcing





# — Propak acquisition (Turkey, Closing June 2021)

## Key facts & figures ('20)

- **Sales:** EUR 75m
- **EBITDA:** EUR 19m (25%)
- **Plants:** 1 plant, 360 employees
- **Enterprise Value:** EUR 120m

One plant in Duzce, Turkey, 200km from Istanbul

## Products & customers

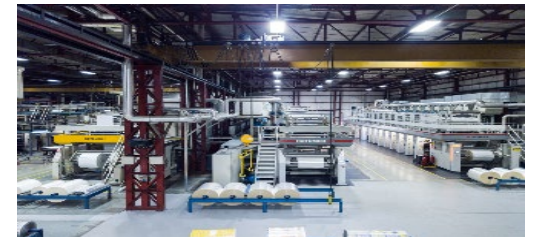


## Key strategic considerations

- Low-cost footprint for European business via exports, 2<sup>nd</sup> site in Turkey
- Sizable player in the European Snacks market, complementary portfolio to Constantia's existing plant in Turkey, Asas
- Moves Constantia to #2 or #3 in the European Snacks market with ~10% overall market share
- The European snacks market is expected to grow at least ~2% CAGR until 2024
- Consistently strong financial performance in sales growth, profitability and cash generation. EUR denominated business relations

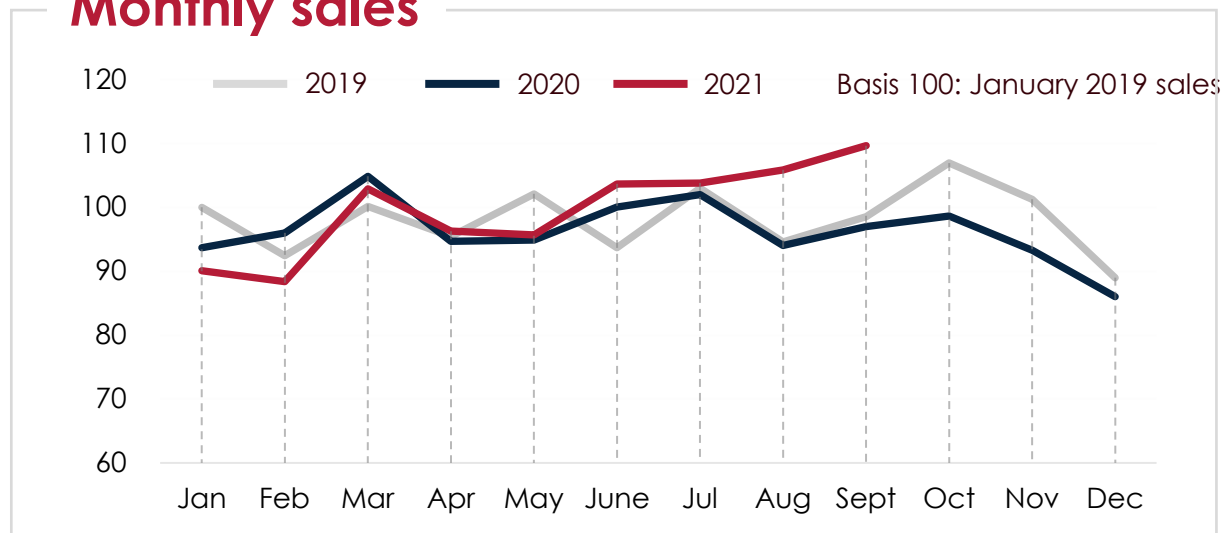
## Equipment & technologies

- 4 rotogravure and 4 flexo printing presses
- 7 solvent-based & solvent-less lamination
- 9 slitting machines
- Solvent recovery

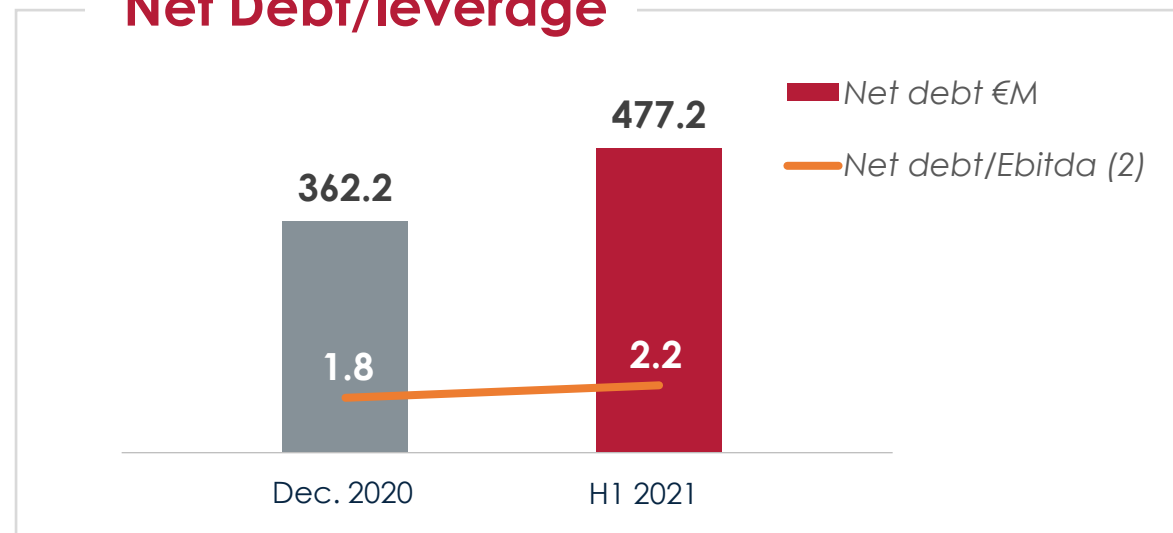


# — Resilient financial performance over the past few years

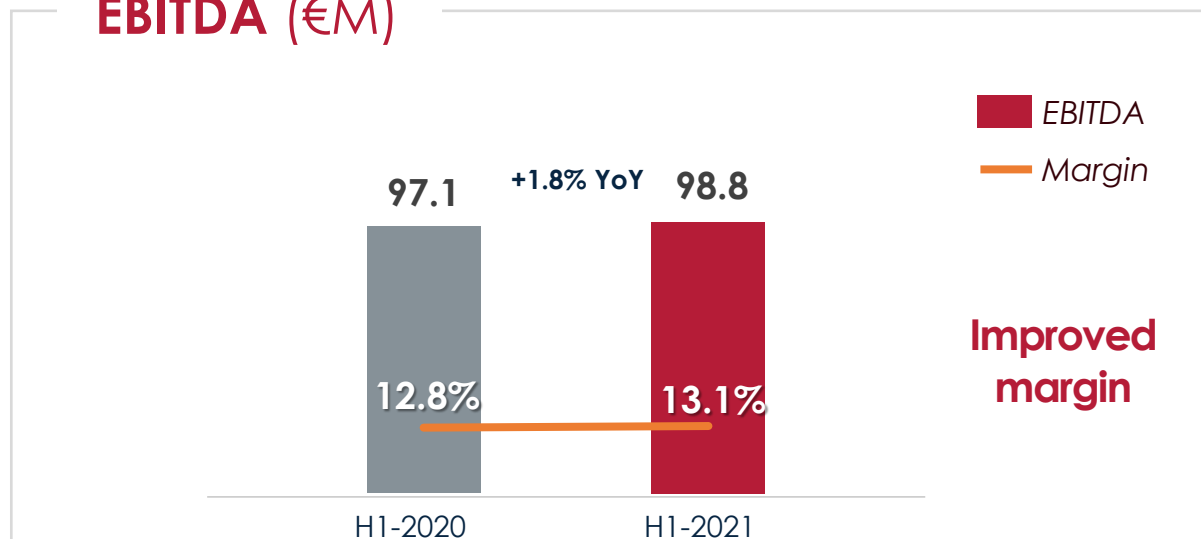
## Monthly sales



## Net Debt/leverage



## EBITDA (€M)

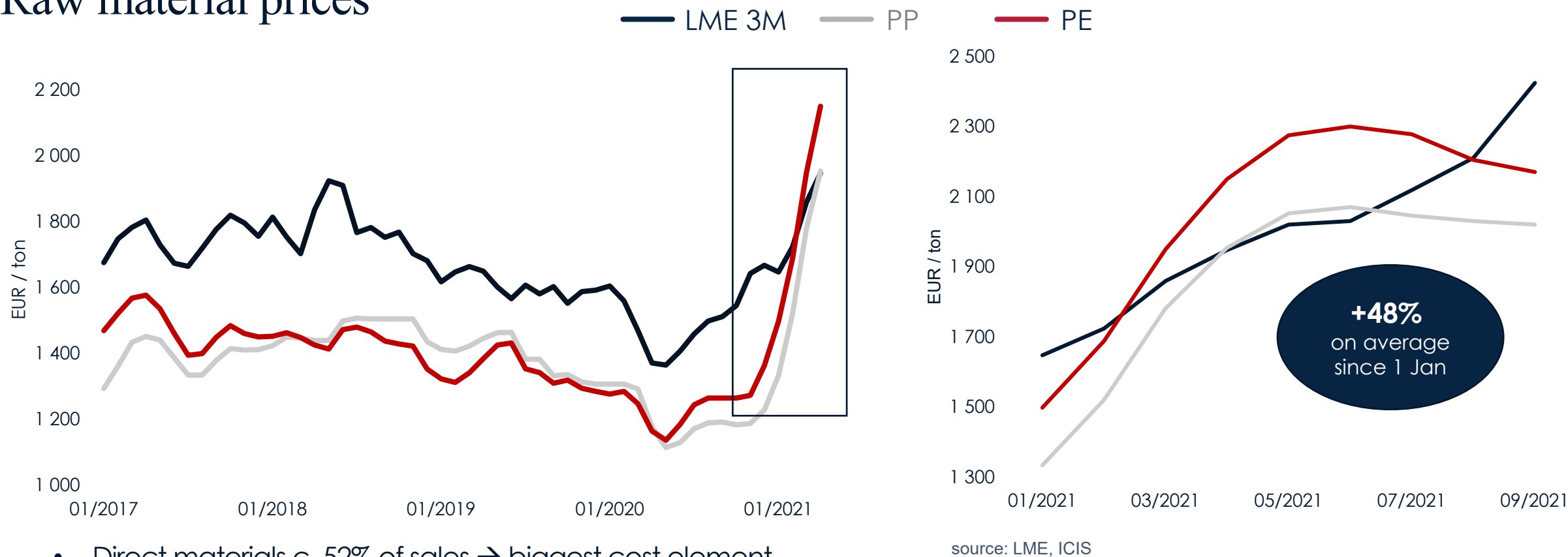


- Resilient performance in both 2020 & 2021
- Improving organic sales growth trend in 2021
- Focused on improving cash flow conversion ratio  
→ average c.45% <sup>(1)</sup>
- Headroom for further acquisitions  
→ we are comfortable with a **Leverage** in the range of 3.0x – 3.5x

(1) Free cash flow conversion rate, 3-year average:  
(Adjusted EBITDA - CAPEX) / Adjusted EBITDA

(2) As per credit documentation

# Raw material prices



- Direct materials c. 52% of sales → biggest cost element
- 'Pass-through' agreements with customers typical to adjust prices to reflect changes in main raw material prices
- Significant increases since start of 2021 → **successfully passed on to customers**

**Raw material prices are passed through to the customer base albeit with a time lag**

# — Key takeaways



Resilient financial performance in both 2020 and 2021



Vision 2025 strategy launched with first successes visible



Good cost-control & contingency measures to react to challenging market conditions in 2021 due to very significant increases in input prices



New management team & business operating model in place



Constantia in a good position to be a winner in the “*sustainability sweepstakes*”



Acquisition of Propak value accretive, growing pipeline of opportunities