

# Constantia Flexibles

2022 Investor Day



WENDEL

Investing *for the long term*

2022



# — 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 financial performance throughout 2020 and 2021; accelerating performance in 2022
- Renewed management team successfully implementing 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.



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# Business model

## 2 business segments



Constantia Flexibles is a global leader in flexible packaging

**€1.6bn**

sales  
in 2021

**12.5%**  
EBITDA margin  
in 2021



**~76%**  
of sales



**~24%**  
of sales

## Product Examples

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



## Blue chip customers

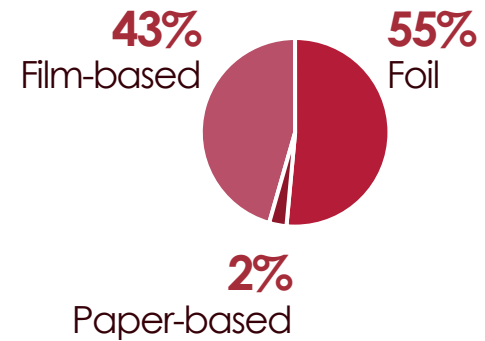


## Sales by region



**58%** Europe  
**16%** America  
(USA/Mexico)  
**7%** India  
**19%** RoW

## Sales by products

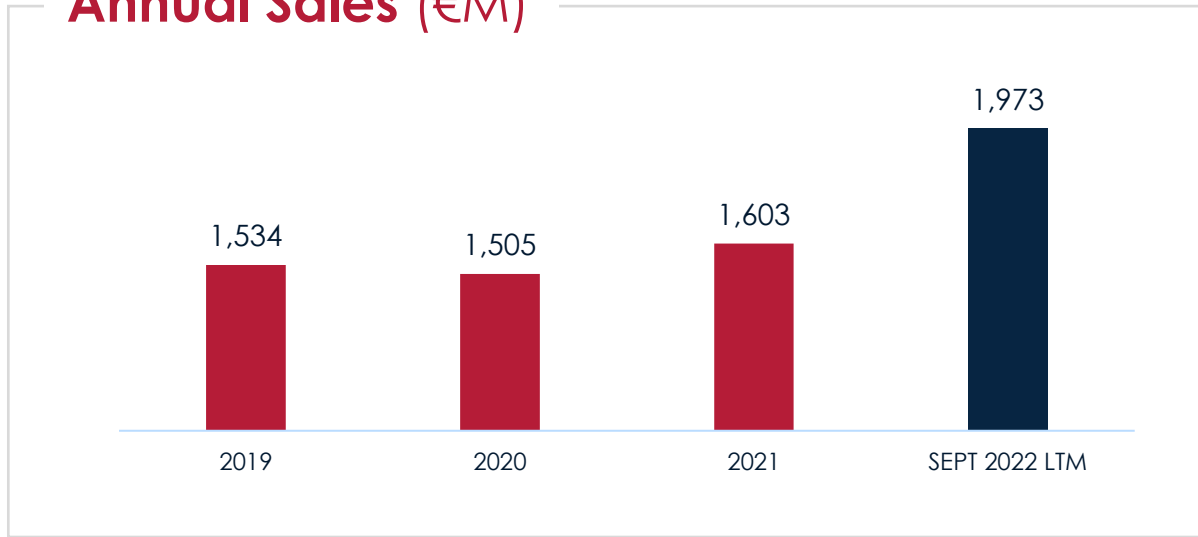


- Blister lidding foil
- Coldform foil
- Sachet foil
- Stick pack foil
- Contact lens foil

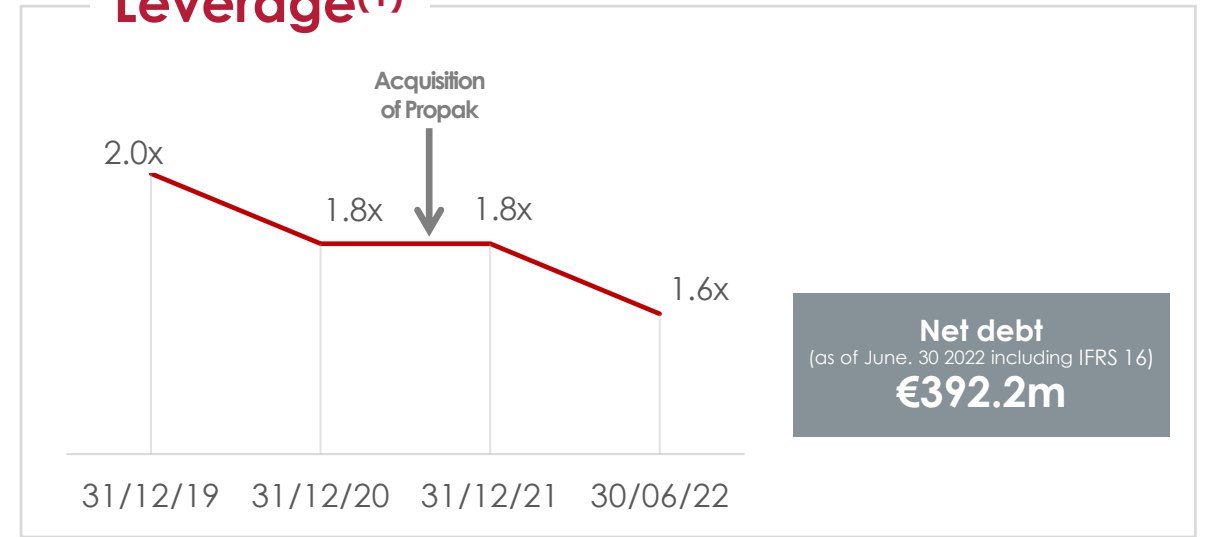


# — Very strong performance in 2022

## Annual Sales (€M)

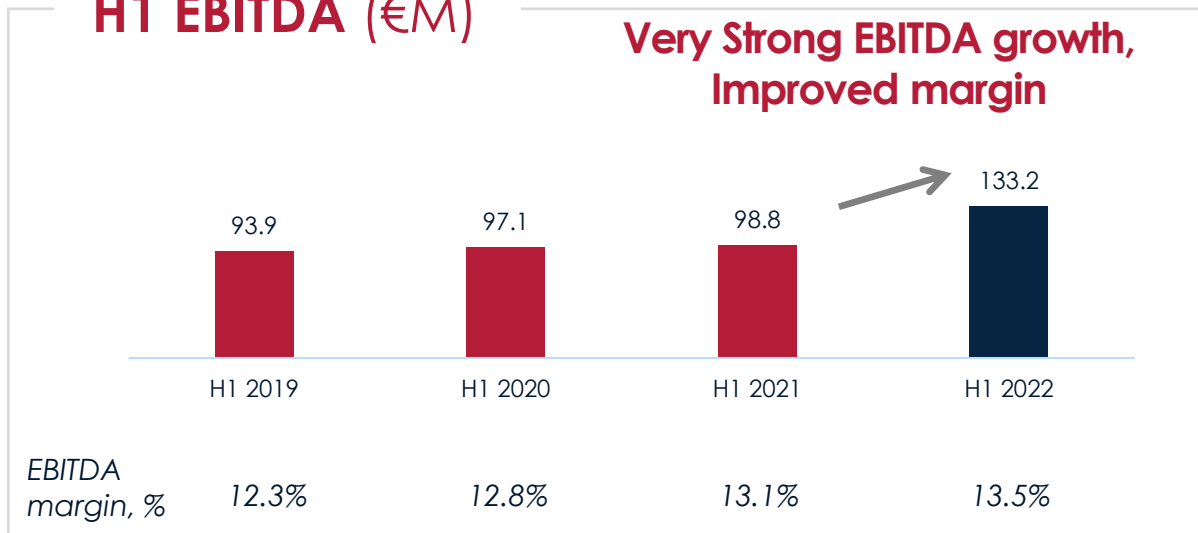


## Leverage<sup>(1)</sup>



## H1 EBITDA (€M)

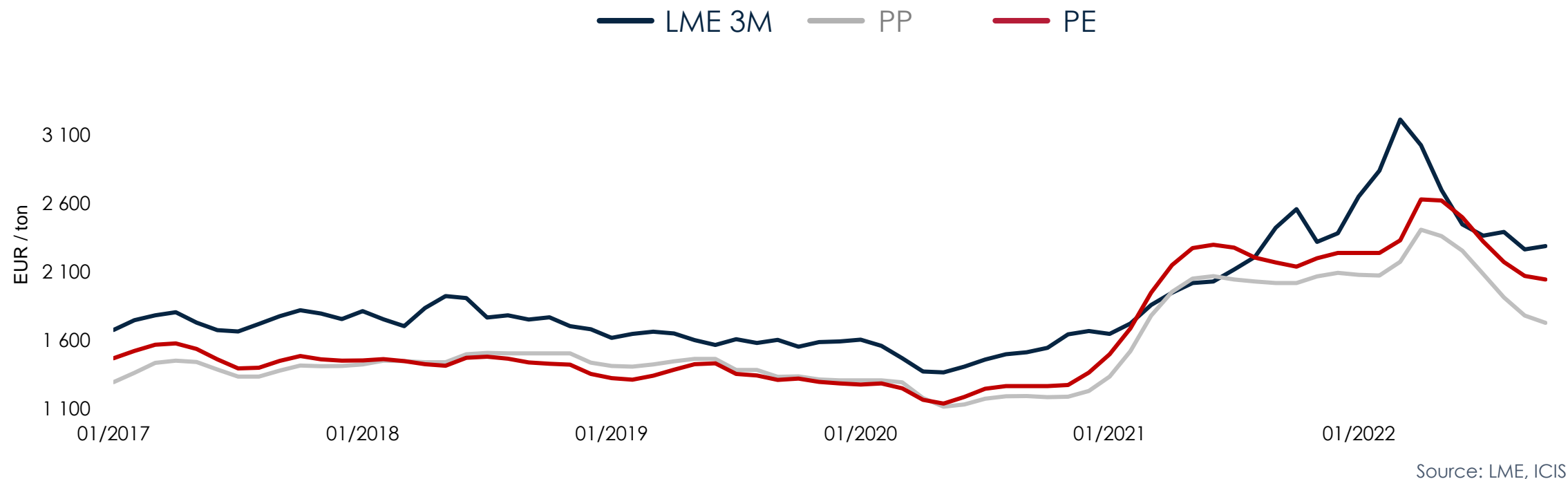
Very Strong EBITDA growth,  
Improved margin



- Improving **organic sales growth (+23.7%, YTD Sept)** trend in 2022, from both volume and price
- **EBITDA growth** driven by strong internal improvement, effective pass through of higher input prices to customers and acquisitions
- Increased focused on **cash generation** with trade working capital performance improving and enhanced capital expenditure discipline

EBITDA before goodwill allocation entries, management fees and non-recurring items. EBITDA is post IFRS 16 impacts.  
(1) As per credit documentation

# — Raw material prices still volatile

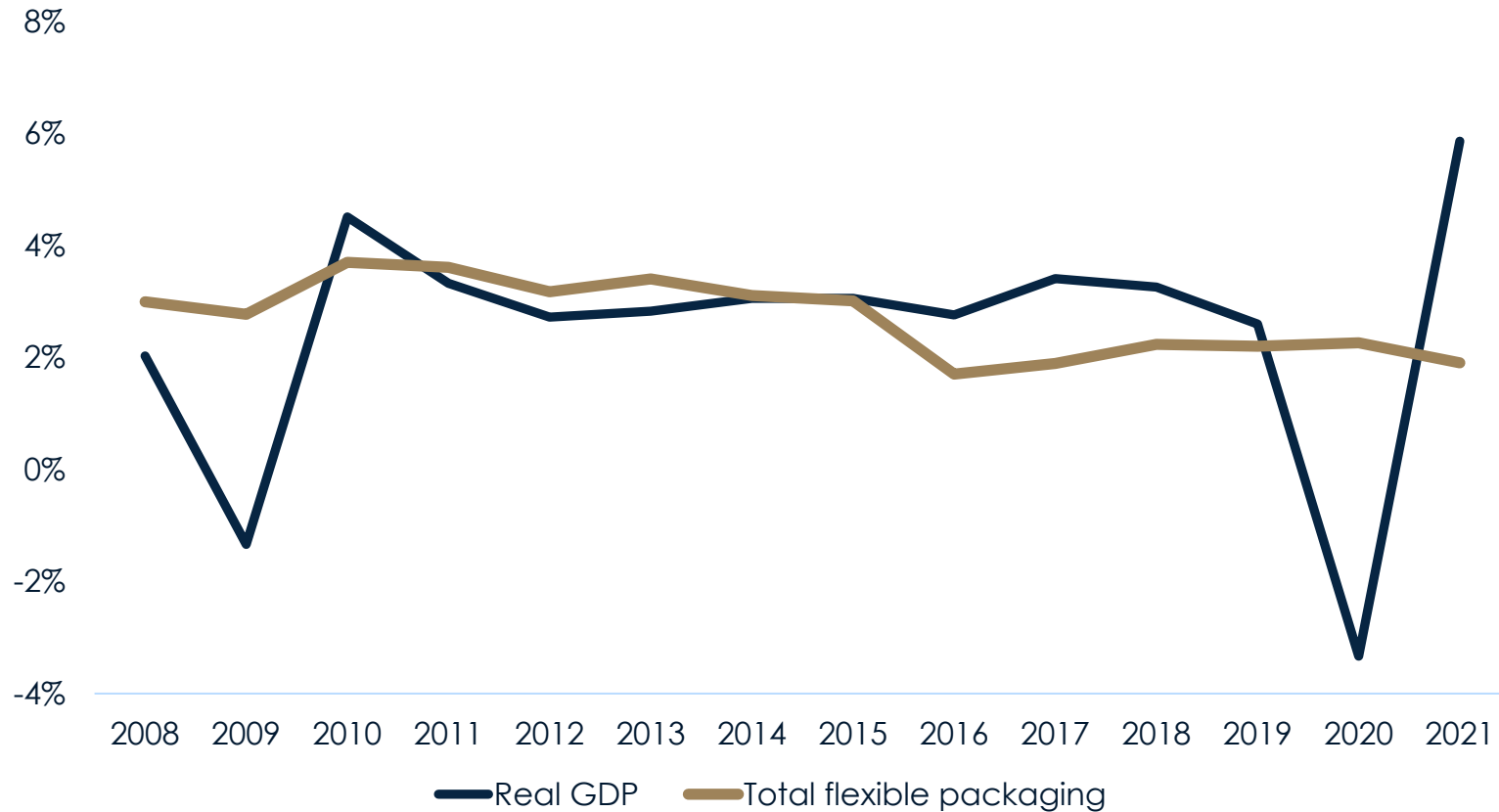


- Direct materials c. 56% of sales (H1 2022) → biggest cost element
- ‘Pass-through’ agreements with customers typical to adjust prices to reflect changes in main raw material prices
- Significant increases in other costs: particularly energy, transport, packaging materials as well as high wage inflation

**Successful pass through of inflationary input costs**

# — Packaging market is very resilient in difficult macroeconomic environments

## Long-term flexible packaging volume development vs. GDP



## Commentary

- The total global flexible packaging industry has shown consistent growth even during the financial crisis in 2008 and more recent Covid-19 pandemic
- Recession resilience is driven by non-discretionary underlying end-markets such as essential Food and Pharma products

**Flexible packaging market has consistently grown over time, even in recessionary environments**



## 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



### **Improved pricing discipline**

Successful price pass through campaigns



### **Continued operational improvement**

Operational excellence program continues to deliver good results



### **Improving procurement performance**

New EVP Procurement in place since January – Procurement Excellence Program to be launched early in 2023



### **Cash generation enhanced**

Continued improvement in trade working capital performance with strict capital expenditure discipline

# — Drive organic growth through innovation and sustainability initiatives

Vision **2025** 



## **Strong growth in pharma markets**

Increasing market share through excellent customer service and product range



## **Consumer markets returning to growth**

Revitalised Consumer sales organization in place with clear strategy of “Where to win and How to play”



## **Growing pipeline for Ecolutions materials**

Developments gathering pace with sales tripling in 2022

# — Selectively consolidate European market

European market fragmented with many potential acquisition opportunities  
Constantia aims to actively participate in the market consolidation in a disciplined manner

Acquisitions to date have been:

## Propak (June 2021)

Sales<sup>1</sup> EUR 75m

### Key strategic considerations

- Low-cost footprint for European business via exports, 2<sup>nd</sup> site in Turkey
- Moves Constantia to top 3 in the European Snacks market with ~10% overall market share
- Consistently strong performance in sales growth, profitability and cash generation.

## FFP Packaging (August 2022)

Sales<sup>1</sup> EUR 30m

### Key strategic considerations

- FFP well respected market player, growing well and at the forefront of sustainability developments
- Enhances Constantia's position in the UK consumer markets with a local manufacturing presence and increasing the Group's UK sales to EUR 90m
- Significant synergies to be realized



### **Turnaround in Africa**

Market structure changed, now market leader and capitalizing on new market opportunities



### **North America performance significantly improved**

Strong organic growth in Mexico, US operations continuing to improve towards >15% EBITDA margin



### **Performance of Indian business improving**

Restoring Success program initiated and gathering momentum

# Goals of Vision 2025

Vision **2025** 

## Growth

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



**Q1-Q3 2022**

+23.7%

## EBITDA

Achieve an EBITDA margin of **at least** 14% of sales  
(based on 2020 price levels)



**H1 2022**

15.4% (based on 2020 price levels)

## ROCE

well above the cost  
of capital of 10%



**H1 2022**

14.7%

# — Winning the sustainability transformation



## FLEXIBLE PACKAGING

Made from aluminum,  
paper or plastic is...



**Lightweight** and can be **bent** easily! It provides perfect protection at **the lowest environmental footprint**.



We solve the recyclability challenge with the transformation into **mono-material packaging solutions**.



**85%** of Cflex **product offering** is either already **designed for recycling** or has a recyclable alternative

# — Constantia's position with respect to sustainability trends



**Flexible packaging** projected to continue to grow



Constantia is a leading player with its 360 degree **Ecolutions** product range



Customers are increasingly **partnering with Constantia** in order to achieve their **recyclability pledges**





# — Key takeaways



**Vision 2025 strategy progressing well** driven by the renewed management team & business operating model



**Resilient business** performance in 2020/2021  
**Accelerating** in 2022



**Disciplined approach on M&A** with acquisitions made value accretive and a significant pipeline of further opportunities



Constantia well positioned to be a winner in the “**sustainability sweepstakes**”