



Schoeller Allibert



March, 2018

# Investor Presentation Q4 2017



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# Investor Presentation Schoeller Allibert

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**Ian Robinson**  
Chief Executive Officer



**Ian Degan**  
Chief Financial Officer



# Summary

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- 1.7% Revenue growth in Q4 with strong revenue growth in pooling, automotive and industrial manufacturing in Europe which was partially offset by lower revenue in retail in the UK.
- Q4 Ebitda is at the same level as in Q4 2016.
- We continue to make progress on New Product Development (NPD), with sales in 2017 of € 41m (2016 € 33m).
- Adjusted Free Cash Flow for 2017 was an inflow of €10m and we have a strong liquidity position



# Q4 2017 Update on Strategic Objectives

1

## Grow Revenues Through Product Innovation

Q4 2017 NPD sales of € 13.1m (Q4 2016 € 12.7m).

We launched a new Warsteiner beer crate.

We will be launching one of our new Intermediate Bulk Containers (IBC) in Q2 and the other in Q3 2018.

2

## Enhance Market Position by Focusing on Improving Sales of Key Products Across Key End-markets

In Q4 we saw strong growth in the European pooling, automotive and industrial manufacturing sectors.

Pooling continues to be volatile.

The UK remains challenging and Brexit has negatively impacted the retail sector in 2017.

Good order book, up year-on-year for Q4 2017 on base business with interesting beverage and automotive projects for 2018.

3

## Continue to Streamline Operations and Improve Productivity

During 2017, 10 new IMM's have been installed.

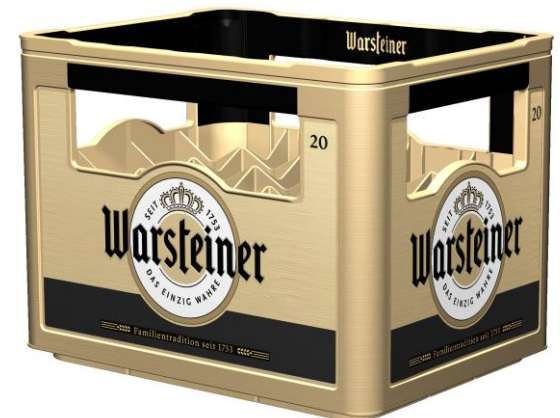
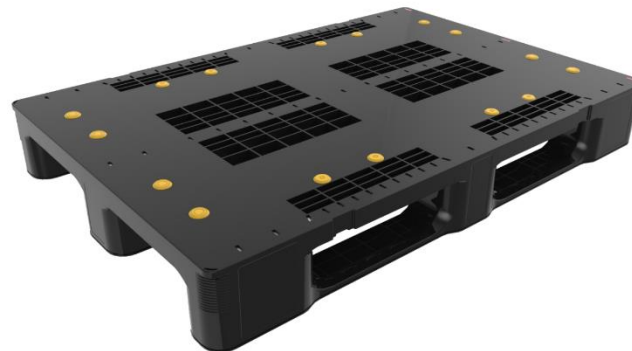
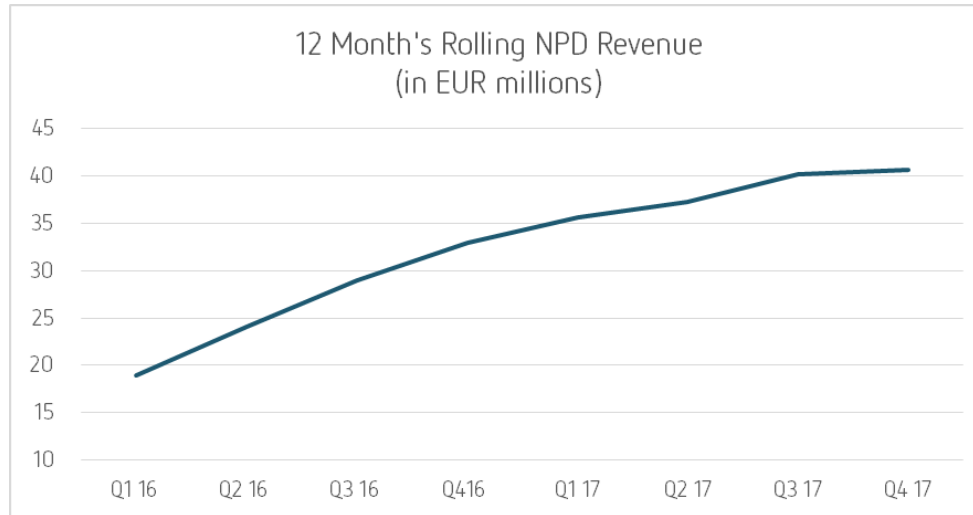
The UK single site project is progressing well with an additional 3 Chinese IMM's arriving in the beginning of 2018.

In Q4, 3 other IMM's have been ordered from Chinese and German suppliers for the delivery at the beginning of 2018.

We continue to make progress with our LEAN manufacturing programme and we are seeing savings in energy, maintenance and other costs.



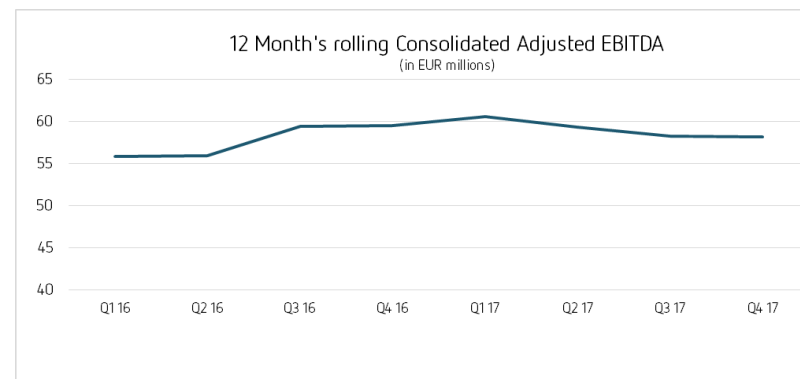
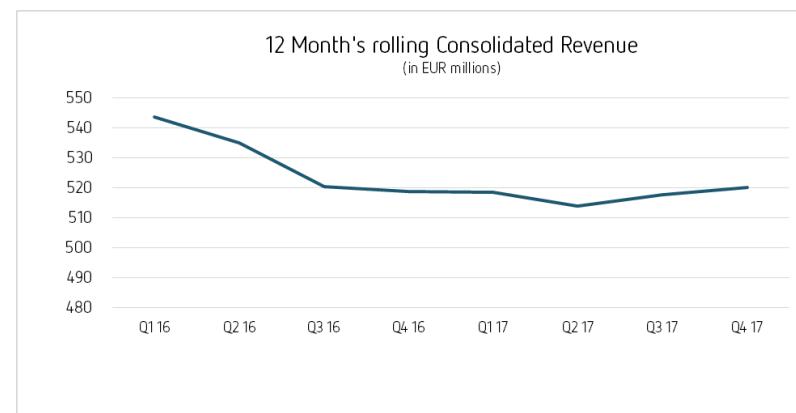
# New Product Development (NPD)



# Financial Performance

| in EUR million          | Q4 2017      | Q4 2016      | FY 2017      | FY 2016      |
|-------------------------|--------------|--------------|--------------|--------------|
| <b>Adjusted revenue</b> | <b>143.5</b> | <b>141.2</b> | <b>520.1</b> | <b>518.8</b> |
| % growth y-o-y          | 1.7%         |              | 0.3%         |              |
| <b>Adjusted EBITDA</b>  | <b>17.0</b>  | <b>17.0</b>  | <b>58.2</b>  | <b>59.4</b>  |
| % sales                 | 11.8%        | 12.0%        | 11.2%        | 11.5%        |

- Q4 Revenue is 1.7% above Q4 2016 with strong growth in Pooling volumes in Europe.
- Q4 Ebitda is at the same level as in Q4 2016 with strong Ebitda % margin at 11.8% and in line with performance in 2016.

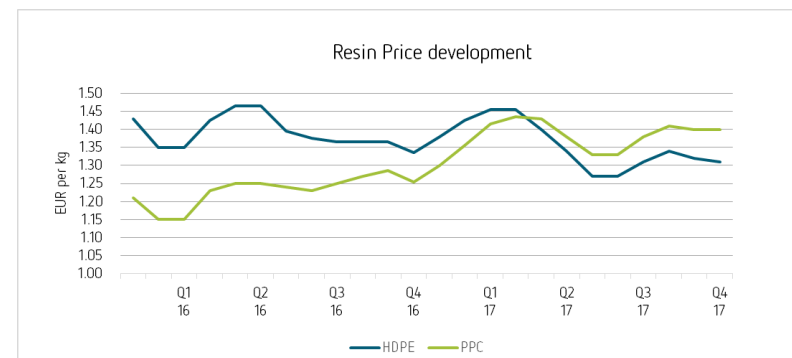


# Financial Performance

At constant FX rates:

| in EUR million          | Q4 2017*     | Q4 2016      | YTD 2017*    | YTD 2016     |
|-------------------------|--------------|--------------|--------------|--------------|
| <b>Adjusted revenue</b> | <b>147.7</b> | <b>141.2</b> | <b>529.7</b> | <b>518.8</b> |
| % growth y-o-y          | 4.7%         | -            | 2.1%         | -            |
| <b>Adjusted EBITDA</b>  | <b>17.2</b>  | <b>17.0</b>  | <b>59.1</b>  | <b>59.4</b>  |
| % sales                 | 11.7%        | 12.0%        | 11.2%        | 11.5%        |

\*Reported at constant currency



- At constant currency, revenue growth was ca. 4.7%, with majority of FX related to GBP and USD.
- The average prices of resin in Europe were approx. 4% higher than in Q4 2016, with PPC and HDPE moving in opposite directions. We estimate that the pass through of this increase to customers would have resulted in an increase in revenue of 1.5%.



# Cash Flow

| in EUR million                         | Q4 2017       | Q4 2016     | FY 2017       | FY 2016     |
|--|---------------|-------------|---------------|-------------|
| <b>Adjusted EBITDA</b>                 | <b>17.0</b>   | <b>17.0</b> | <b>58.2</b>   | <b>59.4</b> |
| Change in the working capital          | 8.6           | 13.2        | 7.1           | 2.2         |
| <b>Operating Cash Flow</b>             | <b>25.6</b>   | <b>30.2</b> | <b>65.3</b>   | <b>61.6</b> |
| Interest                               | (10.1)        | (3.2)       | (20.7)        | (13.0)      |
| Taxes                                  | (0.5)         | (0.4)       | (3.8)         | (3.1)       |
| Capex                                  | (9.2)         | (6.9)       | (21.9)        | (16.4)      |
| Proceeds from disposals                | 0.1           | 2.8         | 1.0           | 2.6         |
| <b>Free Cash Flow</b>                  | <b>5.8</b>    | <b>22.5</b> | <b>19.8</b>   | <b>31.7</b> |
| Investment in Moulds for Future Growth | (5.0)         | (5.6)       | (9.5)         | (10.5)      |
| <b>Adjusted Free Cash Flow</b>         | <b>0.8</b>    | <b>16.8</b> | <b>10.3</b>   | <b>21.3</b> |
| Breakthrough projects                  | (3.4)         | (0.4)       | (12.4)        | (6.9)       |
| New finance leases                     | 3.4           | 3.5         | 11.8          | 11.6        |
| Finance lease repayments               | (1.8)         | (0.5)       | (5.2)         | (3.0)       |
| Debt repayment and proceeds            | 1.4           | 24.9        | 0.3           | 22.3        |
| Swedish tax payment                    | -             | -           | (1.7)         | -           |
| Adjusting items                        | (12.7)        | (3.1)       | (17.9)        | (5.3)       |
| Refinancing                            | (0.3)         | (7.6)       | (0.7)         | (9.6)       |
| Other                                  | (0.3)         | -           | (1.9)         | -           |
| <b>Net Cash Flow</b>                   | <b>(12.9)</b> | <b>33.7</b> | <b>(17.4)</b> | <b>30.3</b> |

- Adjusted Free Cash Flow for Q4 of € 0.8m inflow, with bond interest payment of € 8.4m and capital expenditure of € 14.2m.
- Working capital for Q4 is € 8.6m positive, which is in line with normal seasonality of our business.
- Breakthrough projects are the investments in the IBC and Belgium Big Box that were financed from the bond proceeds.
- Adjusting items includes the € 10.9m payment related to the customer settlement in pooling.



# Debt & Liquidity Overview

| in EUR million  | FY 2017       | FY 2016       |
|---|---------------|---------------|
| <b>Cash at bank and in hand</b>   | <b>(34.8)</b> | <b>(53.3)</b> |
| 8% Senior Secured Indebtedness due 1 Oct. 2021  | 210.0         | 210.0         |
| Finance Leases  | 22.4          | 15.1          |
| Bank Loans  | 4.2           | 5.0           |
| Cash pool Overdraft   | -             | 0.5           |
| <b>Total Debt</b>   | <b>236.6</b>  | <b>230.6</b>  |
| <b>Total Net Debt</b>   | <b>201.8</b>  | <b>177.3</b>  |
| <b>Total Headroom (Cash at bank and in hand + Senior Credit Facilities + Cash pool overdraft)</b> | <b>53.5</b>   | <b>76.9</b>   |

- The cash outflow reduced the cash position by € 18.5m during 2017.
- The € 7.3m increase in finance leases, relates to new injection moulding machines in the UK and Spain as well as machinery and moulds for the new site in Belgium.
- Headroom remains strong at € 53.5m.



## Other Updates

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- On 5th January 2018, Brookfield Business Partners L.P. together with institutional partners entered into an agreement to acquire a 75% controlling interest in Rema Investments B.V. (the ultimate parent of the Schoeller Allibert Group BV) for EUR 205 million from an indirect subsidiary of JP Morgan Chase. Brookfield shall facilitate Schoeller Industries BV increasing their ownership by 5% at closing. Closing of the transaction remains subject to customary conditions, including, among others, regulatory approvals and is expected to occur in the second quarter of 2018.



## Conclusion & Current Trading Update

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- 1.7% Revenue growth in Q4 with strong revenue growth in pooling and in Europe which was partially offset by lower revenue in the UK.
- Q4 Ebitda was at the same level as in Q4 2016.
- A strong cash performance in the quarter and a strong liquidity position.
- Trading so far in Q1 2018 has seen a slow-down in US pooling volumes which has offset the continued growth in our European business.



QUESTIONS?



## Appendix: Capex Summary

| in EUR million                    | Q4 2017     | Q4 2016     | FY 2017     | FY 2016     |
|-----------------------------------|-------------|-------------|-------------|-------------|
| Operations Maintenance            | 3.2         | 4.9         | 6.7         | 9.1         |
| IMM Replacement                   | 3.5         | 1.1         | 7.1         | 1.1         |
| Operations Expansion              | 0.4         | -           | 1.1         | -           |
| Breakthrough projects             | 3.4         | 0.4         | 12.4        | 6.9         |
| Moulds for Sales Initiatives      | 5.0         | 5.6         | 9.5         | 10.5        |
| Pooling expenditures              | -           | (0.4)       | 0.2         | 2.4         |
| Other                             | 2.1         | 1.1         | 6.8         | 3.8         |
| <b>Total Capital Expenditures</b> | <b>17.6</b> | <b>12.9</b> | <b>43.8</b> | <b>33.8</b> |

- IMM replacement relates to new injection moulding machines in the UK, France and Spain.
- Breakthrough projects relate to the new IBC range and the Belgian Big Box and in 2016 to the new factory in Poland.



## Appendix: Adjusted EBITDA Bridge

| in EUR million                                      | Q4 2017     | Q4 2016     | FY 2017     | FY 2016     |
|---|-------------|-------------|-------------|-------------|
| <b>Reported EBITDA</b>                              | <b>9.5</b>  | <b>13.7</b> | <b>34.5</b> | <b>52.5</b> |
| <b>Adjusting Items</b>                              |             |             |             |             |
| Customer settlement (pooling)                       | -           | -           | 10.9        | -           |
| Restructuring <sup>(1)</sup>                        | 0.3         | (1.1)       | 3.9         | 1.2         |
| JP Morgan exit                                      | 6.2         | 3.3         | 7.8         | 3.3         |
| Litigation & claims                                 | 1.0         | 1.1         | 1.1         | 1.0         |
| <b>EBITDA before adjusting items <sup>(2)</sup></b> | <b>17.0</b> | <b>17.0</b> | <b>58.2</b> | <b>57.9</b> |
| Accrued Management Fees <sup>(3)</sup>              | -           | -           | -           | 1.5         |
| <b>Adjusted EBITDA</b>                              | <b>17.0</b> | <b>17.0</b> | <b>58.2</b> | <b>59.4</b> |

(1) Includes disposal proceeds, post-merger cost reduction programs and severance / employee benefit expense.

(2) Represents the adjusted EBITDA as reported in the Financial Statements.

(3) Represents accrued and unpaid management fees payable to our shareholders under consultancy, support and fee agreements.



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