Schoeller Allibert

INVESTOR PRESENTATION Q2 2023

29 August 2023

OUR TURN TO TRANSFORM

The world of smart logistics

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TODAY’S PRESENTERS & AGENDA

Adrian Letts
CEO

Åke Bengtsson
CFO

Patrick de Beer
Head of Treasury

AGENDA

Subject	Presenter
Business Summary	Adrian Letts
Financial Performance	Åke Bengtsson
Current Trading	Åke Bengtsson
Ratings & Refinancing	Patrick de Beer

DIVERSIFIED AND RESILIENT BUSINESS

We service the market in which clients operate. And listen to their requirements and needs.

HIGHLIGHTS
Q2 2023

EBITDA INCREASE DESPITE LOWER REVENUE ON BACK OF RESIN PRICE DECREASES AND IMPROVED CASH FLOW IN A VOLATILE BUSINESS ENVIRONMENT

BUSINESS ENVIRONMENT

- Overall lower economic activity and resulting potential recession in certain areas affect customers' uncertainty, even though certain indicators stabilized, e.g. energy prices
- Resin prices decreased 7% for PP and 10% for HDPE in Q2-23A compared to Q1-23A and decreased respectively 31% and 26% compared to Q2-22A

SALES PERFORMANCE

- Q2-23A Revenue of €153.7m, -€12.6m (-7.6%) below Q2-22A. Revenue decline driven by lower prices as a result of decreasing resin prices and some lower volumes partially offset by positive mix effects

EBITDA DEVELOPMENT

- Q2-23A EBITDA €17.9m, +€0.3m (+1.8%) above Q2-22A EBITDA of €17.6m through improved margins
- Q2-23A EBITDA margin was 11.6% of Revenue (Q2-22A: 10.6%)

CASH FLOW

- Q2-23A Adjusted Free Cash Flow of €20.5m, +€33.3m above Q2-22A and Net Cash Flow of -€5.4m for Q2-23A, +€15.3m above Q2-22A
- Working capital cash inflow of €5.8m for Q2-23A, €29.2m above Q2-22A, driven by structural improvement of all WC elements

2023 results presented for Restricted Group only, excluding RentCo; 2022 figures are not pro-forma restated

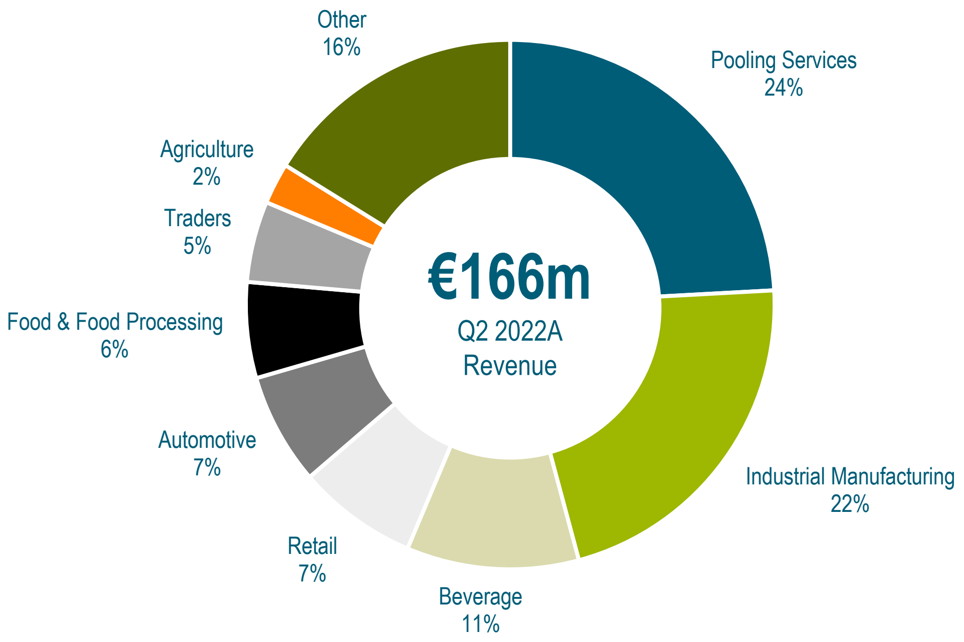
MARKETS AND SEGMENTS

DEVELOPMENTS

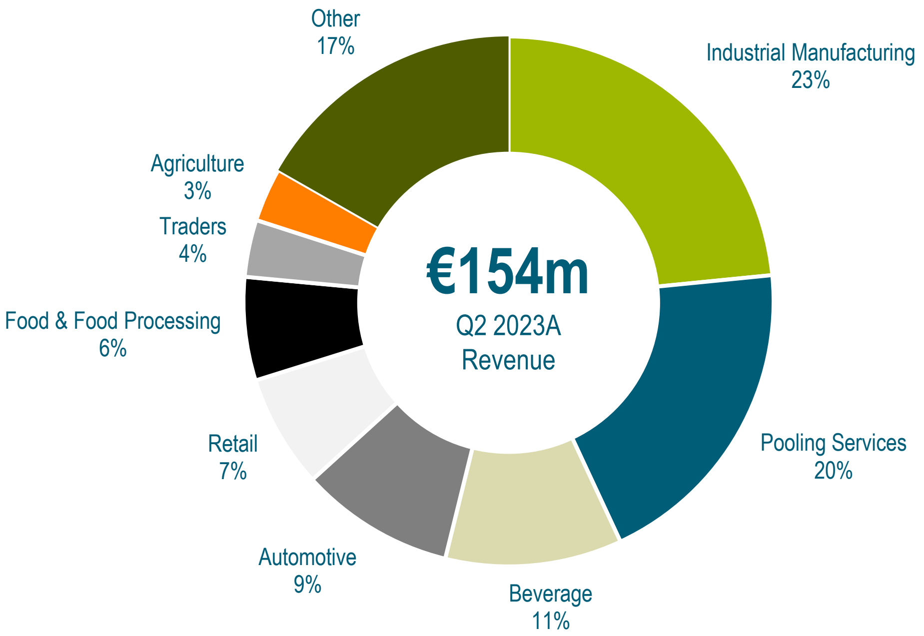
- Industrial Manufacturing is comparable to Q2-22A driven by strong volume development in System Integrators
- Pooling sales decrease related to lower customer demand as a result of challenging agricultural circumstances
- Automotive continues good performance, beating pre-Covid sales
- Revenue shares from other market segments comparable to Q2-22A

MARKET REVENUE SHARES

% Sales per Market



% Sales per Market



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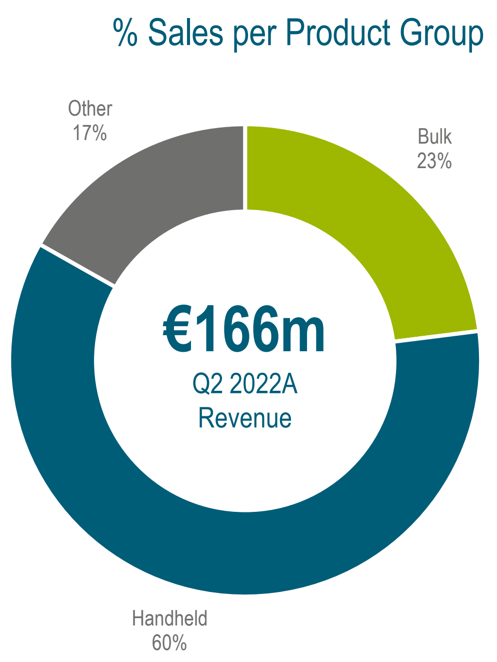
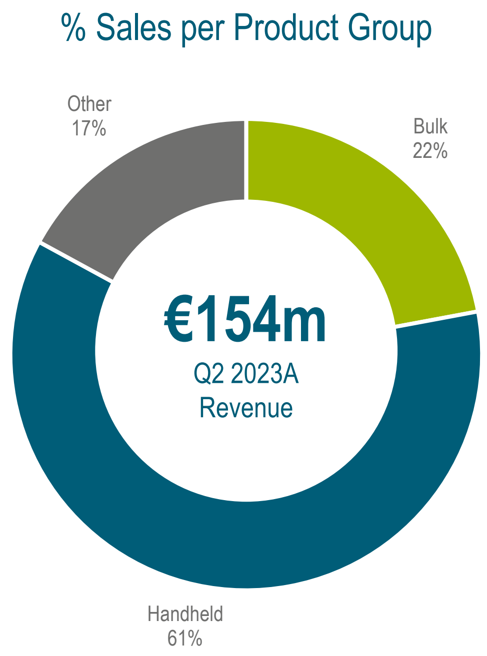
PRODUCTS

DEVELOPMENTS

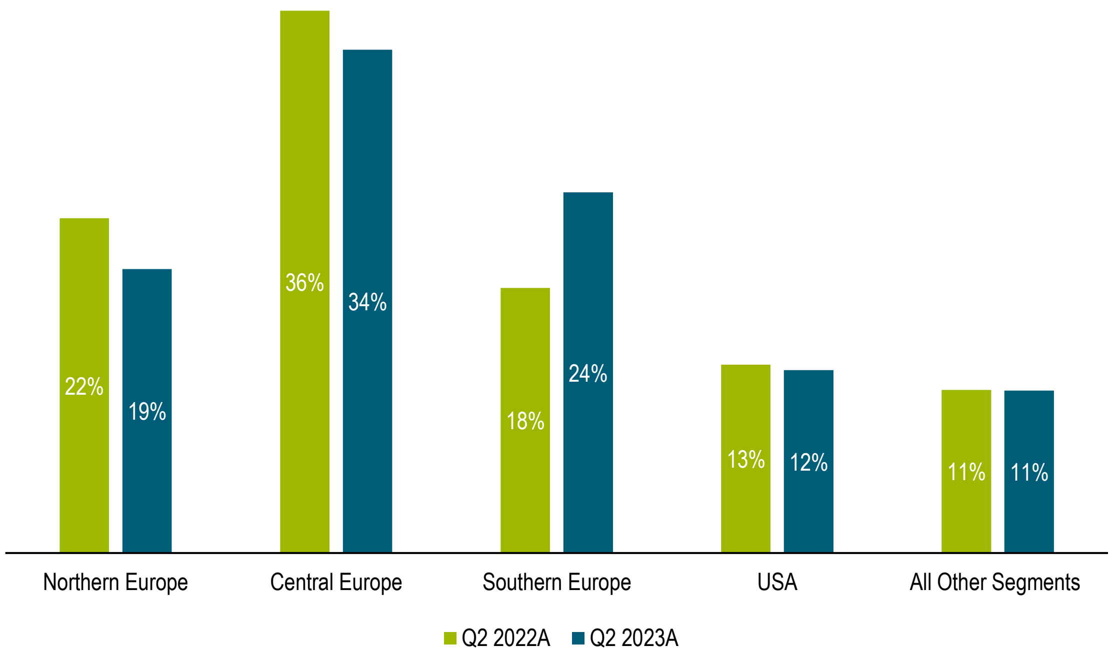
- Decrease in handheld containers due to lower pooling revenues, mitigated by demand from System Integrators
- Some lower sales of Big X products related to timing of customer expectations and non-recurring orders
- All Other Segments revenue share remained stable
- Strong performance in Southern Europe across all segments except Retail and Traders
- Northern Europe decreased in sales mostly due to non-recurring orders from a Pooling customer

PRODUCT GROUP REVENUE SHARES





OPERATING SEGMENT REVENUE



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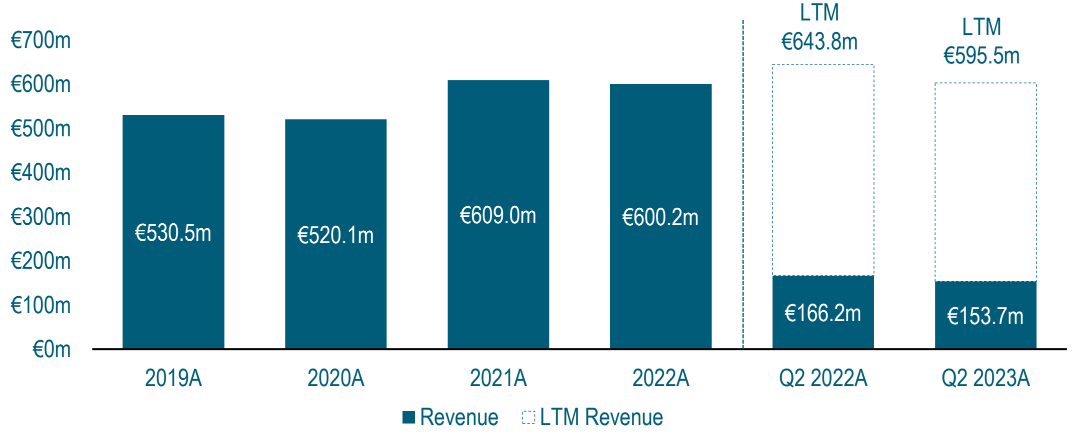
FINANCIAL RESULTS

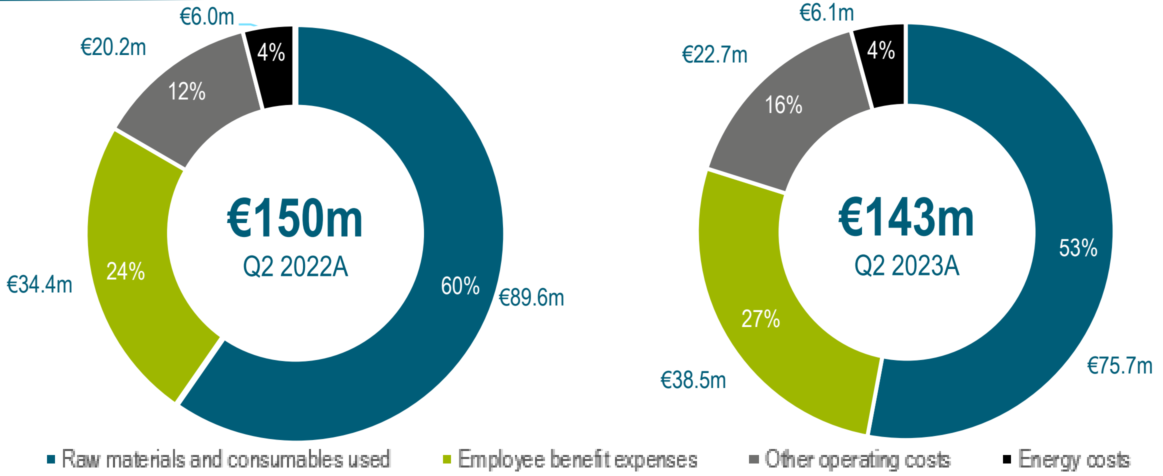
REVENUE AND ADJUSTED EBITDA DEVELOPMENT

EBITDA STABLE COMPARED TO Q2-22A, MARGIN IMPROVEMENT OFFSETS DECREASE IN REVENUE CAUSED BY LOWER RESIN PRICES

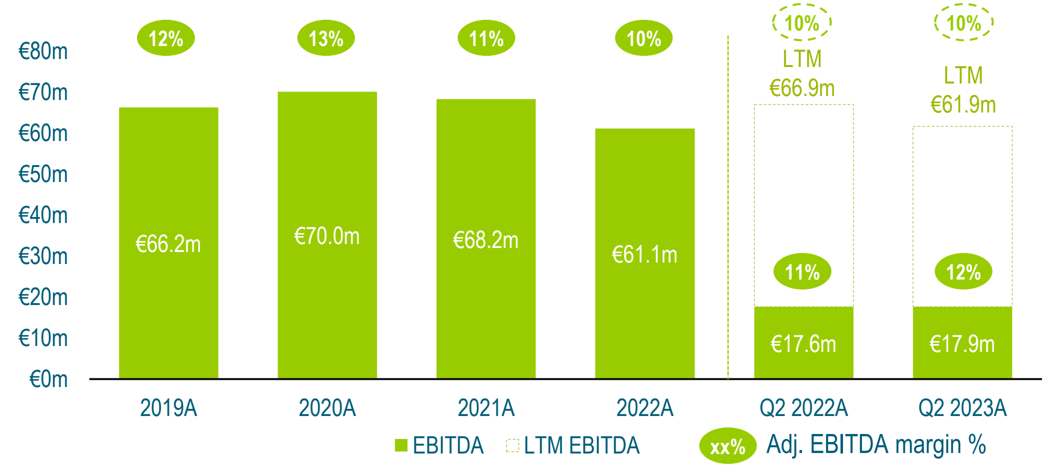
REVENUE



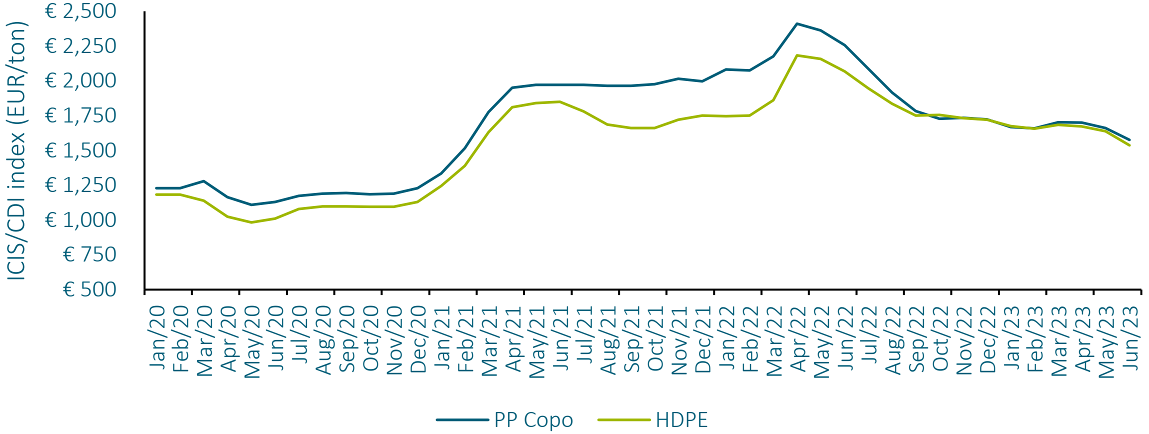
OPERATING COSTS BREAKDOWN



EBITDA



RAW MATERIAL MARKET PRICE DEVELOPMENT



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PROFIT & LOSS

COMMENTARY

- Revenue for Q2-23A decreased to €153.7m (-7.6%) compared to Q2-22A driven by lower sales prices and lower volumes, but mitigated by positive mix effects
- Raw materials and consumables used decreased to €75.7m (-15.5%) for Q2-23A related to lower resin prices and lower volumes
- Costs of subcontracting increased to €1.8m (+49.4%) for Q2-23A related to components required for a one-off large customer order
- Employee benefit expense increased to €38.5m (+11.8%) for Q2-23A as a result of labor costs inflation and increase of production of labor-intensive products
- Other operating costs increased to €27.0m (+8.1%) for Q2-23A mainly resulting from inflation and related to higher engagement of third-party consultants
- Depreciation decreased to €9.5m (-8.3%) as rental assets are now fully owned and depreciated by RentCo, outside the Restricted Group
- Amortization stood at €1.1m, stable compared to Q2-22A
- Adjusting items increased to €7.2m (+348.0%) for Q2-23A as a result of expenses related to transformation project
- Adjusted EBITDA was €17.9m, +€0.3m (+1.8%) higher than Q2-22A

€m	Q2 2022	Q2 2023	% Change	Q2 2022 YTD	Q2 2023 YTD
Revenue	166.3	153.7	-7.6%	305.8	295.4
Other Income	-0.1	0.0		0.1	-0.1
Total Revenue	166.2	153.7	-7.6%	305.9	295.3
Raw materials and consumables used	-89.6	-75.7	-15.5%	-151.7	-138.9
Costs for subcontracting	-1.2	-1.8	49.4%	-3.5	-2.5
Employee benefit expense	-34.4	-38.5	11.8%	-70.3	-75.0
Other operating costs	-25.0	-27.0	8.1%	-52.0	-57.2
Depreciation expense	-10.4	-9.5	-8.3%	-20.6	-19.3
Amortization expense	-1.1	-1.1		-1.9	-2.2
Operating result	4.6	0.1	-97.3%	5.9	0.2
% margin	*2.7%*	*0.1%*		*1.9%*	*0.1%*
Depreciation expense	10.4	9.5	-8.3%	20.6	19.3
Amortization expense	1.1	1.1		1.9	2.2
Adjusting items	1.6	7.2	348.0%	2.2	9.7
Adjusted EBITDA	17.6	17.9	1.8%	30.6	31.4

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CASH FLOW

WORKING CAPITAL CASH INFLOW AND LOWER CAPEX LEVEL RESULTED IN €15M NET CASH FLOW IMPROVEMENT COMPARED TO PRIOR YEAR

COMMENTARY

- Q2-23A Operating Cash Flow increased to €23.7m, €29.5m above Q2-22A, due to higher cash inflow from working capital as structural improvements of all working capital elements were implemented
- Maintenance Capex decreased to €1.0m, €1.1m below Q2-22A, since we continue our efforts to right size the business and equipment is to be relocated from the Belgian factory to other locations
- Growth Capex decreased to €2.2m, €2.8m below Q2-22A, as rental capex is funded by a dedicated third-party funder, no effect on cash flow of Restricted Group anymore
- Q2-23A Adjusted Free Cash Flow increased to €20.5m, €33.3m above Q2-22A, as a result of working capital improvements and lower capex outflows
- Adjusting items of €7.2m relate to transformation expenses
- Q2-23A Net Cash Flow was -€5.4m, €15.3m above post-shareholder funding cash flow of -€20.7m for Q2-22A

€m	Q2 2022	Q2 2023	Q2 2022 YTD	Q2 2023 YTD
Adjusted EBITDA	17.6	17.9	30.7	31.4
Change in Net Working Capital	-23.4	5.8	-38.2	-6.7
Operating Cash Flow	-5.8	23.7	-7.5	24.7
Operating CF as % of EBITDA	*-33%*	*132%*	*-24%*	*79%*
Capital expenditures - Maintenance	-2.1	-1.0	-4.4	-1.8
Free Cash Flow	-7.9	22.7	-11.9	22.9
Capital expenditures - Growth	-5.0	-2.2	-18.3	-4.5
Adjusted Free Cash Flow	-12.8	20.5	-30.2	18.4
Adj. FCF as % of EBITDA	*-73%*	*115%*	*-99%*	*59%*
Interest	-8.9	-9.6	-9.8	-10.7
Taxes	-0.4	-0.4	-1.0	0.0
New finance leases	0.0	0.0	4.0	0.0
Finance Lease repayments	-1.6	-2.2	-4.1	-4.2
Operating Lease repayments	-3.1	-2.6	-6.1	-5.6
Debt repayment and proceeds	-0.7	-0.9	-1.0	-2.3
Recurring Net Cash Flow	-27.5	4.8	-48.2	-4.4
Adjusting items	-1.6	-7.2	-2.2	-9.7
Shareholder funding	10.0	0.0	10.0	0.0
Other/Related parties	-1.6	-3.0	-3.4	-4.5
Net Cash Flow	-20.7	-5.4	-43.8	-18.6

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DEBT AND LIQUIDITY

LEVERAGE PROFILE AT 5.0x WITH €69.2M HEADROOM AVAILABLE

COMMENTARY

- Headroom decreased to €69.2m consisting of €11.1m of cash at bank, €16.9m available RCF and €41.2m under the Brookfield facility
- €65m Shareholder Loan Facility remains available for Restricted Group, of which €23.8m was drawn as per Q2-23A
- Leverage ratio at 5.0x based on €61.9m LTM EBITDA for Restricted Group
- Non-recourse factoring was €65.4m for Q2-23A compared to €62.4m for Q2-22A as credit coverage on customers was improved and factoring timelines were shortened for certain subsidiaries

€m	2022 FY	Q1 2023	Q2 2023
6.375% Senior Secured Indebtedness	250.0	250.0	250.0
Finance Leases	16.3	14.6	12.2
Operating Leases	22.2	31.2	30.7
Total lease obligation	38.6	45.8	42.9
Bank Loans	18.5	17.2	16.2
Total Debt	307.1	313.0	309.1
RCF Drawings (limit € 30m)[1]	-	2.9	10.0
Cash at bank and in hand	-20.1	-9.8	-11.1
Net Cash	-20.1	-6.9	-1.1
Total Net Debt	287.0	306.1	308.0
Leverage ratio	4.7x	5.0x	5.0x
Total Liquidity Headroom	89.3	75.6	69.2

[1] Out of the €30m, €3m is to be used for contingent liabilities only

2023 results presented for Restricted Group only, excluding RentCo; 2022 FY figures are for Restricted Group only as well

CONCLUSION & OUTLOOK

Q2 23 CONCLUSION

- Q2 2023 Revenue decreased to €153.7m (-7.6%) and Q2 2023 EBITDA increased to €17.9m (+1.8%) compared to Q2 2022
- Q2 2023 Adjusted Free Cash Flow increased to €20.5m, +€33.3m above Q2 2022
- Resin prices decreased 7% - 10% further in Q2 depending on the material type, compared to Q1 2023, continuing the trend started in May 2022
- Multiple actions have been deployed over the course of 2022 and 2023 to get the company back on track and drive strategic priorities

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CURRENT TRADING

- Q3 2023 results expectations;
  - July revenue was in line with July 2022 revenue, despite overall lower sales prices based on lower resin prices
  - July EBITDA was app. 2x July 2022 EBITDA
  - One-off stock revaluation effect (-€4.0m) from Q3 2022 is not likely to repeat itself this year as majority of resin price corrections seem to have taken place
  - Q3 EBITDA is expected to continue the positive QTD trend and will likely exceed Q3 2022, but will be lower than the same quarter EBITDA in years before 2022 as a result of lower volumes

- Sales, EBITDA and cash flow in H2 2023 are expected to be affected by the following:
  - Stabilization of resin and energy prices in the market, but inflationary pressure remaining
  - Benefit from momentum in sales prices and potential recovery of volume demand
  - Additional focus on sales activities and working capital management
  - Temporary increase of indirect costs as we implement the transformation program

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RATING AGENCY UPDATES

- S&P: current rating CCC+ / stable outlook (issuer and issue, 17 May 2023)

- Moody's: current rating Caa2 / negative outlook (issuer and issue, 26 June 2023)

- Fitch: current rating CCC+ / stable (issuer, 15 May 2023) and CCC / stable (issue, 15 May 2023)

- Main considerations:
  - Company benefits from being the industry leader and having a broad product portfolio
  - Company will benefit from increased focus on sustainability, reusability of packaging material and increased regulatory pressure on sustainability
  - Maturity of the RCF and SSN's approaching in May and November 2024
  - As the RCF became current on 1 May 2023, agencies disregard the facility in their liquidity assessment

- The Group is progressing with the refinancing process of the RCF and the Senior Secured Notes, has appointed its advisors and has prepared to commence discussions with potential lenders soon, expecting the refinancing process to be finalized in advance of maturity, addressing the most important considerations behind the lower credit ratings

Q&A

Globally present

#1 Producer & Supplier of returnable plastic packaging

20% EU market share

PROFIT
& LOSS

RESTRICTED GROUP / UNRESTRICTED AFFILIATE SPECIFICATION

Q2 2023 - €m	Manufacturing*	Rental**	IC Elimination	Consolidated
Revenue	153.7	1.9	-3.0	152.6
Other Income	-0.1	0.0	0.0	0.0
Total Revenue	153.7	1.9	-3.0	152.6
Raw materials and consumables used	-75.7	0.0	2.7	-73.0
Costs for subcontracting	-1.8	0.0	0.0	-1.8
Employee benefit expense	-38.5	-1.0	0.0	-39.5
Other operating costs	-27.0	0.5	0.0	-26.5
Depreciation expense	-9.5	-0.7	0.0	-10.2
Amortization expense	-1.1	0.0	0.0	-1.1
Operating result	0.1	0.7	-0.3	0.5
% margin	*0.1%*	*36.8%*	*n/a*	*0.3%*
Depreciation expense	9.5	0.7	0.0	10.2
Amortization expense	1.1	0.0	0.0	1.1
Management fees	0.0	0.0	0.0	0.0
Adjusting items	7.2	0.0	0.0	7.2
Adjusted EBITDA	17.9	1.4	-0.3	19.0
% margin	*11.6%*	*73.7%*	*n/a*	*12.5%*

* Manufacturing = Restricted Group
** Rental = Unrestricted Affiliate

CASH FLOW

RESTRICTED GROUP / UNRESTRICTED AFFILIATE SPECIFICATION

Q2 2023 - €m	Manufacturing*	Rental**	IC Elimination	Consolidated
Adjusted EBITDA	17.9	1.4	-0.3	19.0
Change in Net Working Capital	5.8	-2.6	0.0	3.2
Operating Cash Flow	23.7	-1.2	-0.3	22.2
Operating CF as % of EBITDA	*132%*	*-86%*	*n/a*	*117%*
Capital expenditures - Maintenance	-1.2	0.0	0.0	-1.2
Free Cash Flow	22.5	-1.2	-0.3	21.0
Capital expenditures - Growth	-2.0	0.0	0.0	-2.0
Adjusted Free Cash Flow	20.5	-1.2	-0.3	19.0
Adj. FCF as % of EBITDA	*115%*	*-86%*	*n/a*	*100%*
Interest	-9.6	-0.2	0.0	-9.8
Taxes	-0.4	0.0	0.0	-0.4
New finance leases	0.0	0.0	0.0	0.0
Finance Lease repayments	-2.2	-0.4	0.0	-2.6
Operating Lease repayments	-2.6	0.0	0.0	-2.6
Debt repayment and proceeds	-0.9	1.2	0.0	0.3
Recurring Net Cash Flow	4.8	-0.6	-0.3	3.9
Adjusting items	-7.2	0.0	0.0	-7.2
Other/Related parties	-3.0	0.9	0.0	-2.1
Net Cash Flow	-5.4	0.3	-0.3	-5.4

* Manufacturing = Restricted Group
** Rental = Unrestricted Affiliate

DEBT AND LIQUIDITY

RESTRICTED GROUP / UNRESTRICTED AFFILIATE SPECIFICATION

as at 30 Jun 23 - €m	Manufacturing*	Rental**	Consolidated
6.375% Senior Secured Indebtedness	250.0	-	250.0
Finance Leases	12.2	-	12.2
Operating Leases	30.7	-	30.7
Total lease obligation	42.9	-	42.9
Bank Loans	16.2	16.4	32.6
Total Debt	309.1	16.4	325.5
RCF Drawings (limit € 30m)[1]	10.0	-	10.0
Cash at bank and in hand	-11.1	-0.8	-11.9
Net Cash	-1.1	-0.8	-1.9
Total Net Debt	308.0	15.6	323.6
Total Liquidity Headroom (incl. SH facility)	69.2	0.8	70.0

[1] Out of the €30m, €3m is to be used for contingent liabilities only

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