



Schoeller Allibert



November, 2017

# Investor Presentation Q3 2017

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# Introduction to the Schoeller Allibert Team

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**Ian Robinson**  
Chief Executive Officer



**Ian Degan**  
Chief Financial Officer



# Summary

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- 3% Revenue growth in Q3 with strong revenue growth in Europe which was partially offset by lower revenue in Pooling. Pooling revenue was also impacted by a much higher proportion of regrind material in the quarter.
- Q3 Ebitda was lower than in Q3 2016. Ebitda improvement from the growth in revenue in Europe was offset by lower pooling volumes and also lower profitability on the production of Pooling products from regrind material.
- We continue to make progress on New Product Development (NPD) pipeline, with Q3 2017 NPD sales of € 9.8m (Q3 2016 € 6.9m).
- Adjusted Free Cash inflow of € 4.7m for the Quarter, with working capital in line with normal seasonality of our business.



# Q3 2017 Update on Strategic Objectives

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## Grow Revenues Through Product Innovation

Q3 2017 NPD sales of € 9.8m (Q3 2016 € 6.9m). Q2 project delays have mostly been resolved.

We started to ramp up production of our new Belgium Big Box with sales of € 2.0m so far.

We are continuing to progress the development, testing and launch of our new Intermediate Bulk Container (IBC), with the first production scheduled for 2018.

2

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

In Q3 we saw strong growth in the Beverage, Automotive and Agriculture sectors.

Pooling continues to be volatile with much higher use of customer regrind material in Q3

The UK remains challenging and Brexit is negatively impacting the Retail sector.

Good order book, up year-on-year for Q3 2017 on base business with interesting Beverage projects for remainder 2017 and 2018.

3

## Continue to Streamline Operations and Improve Productivity

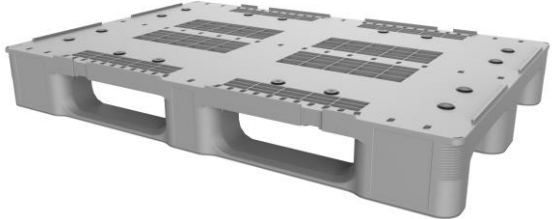
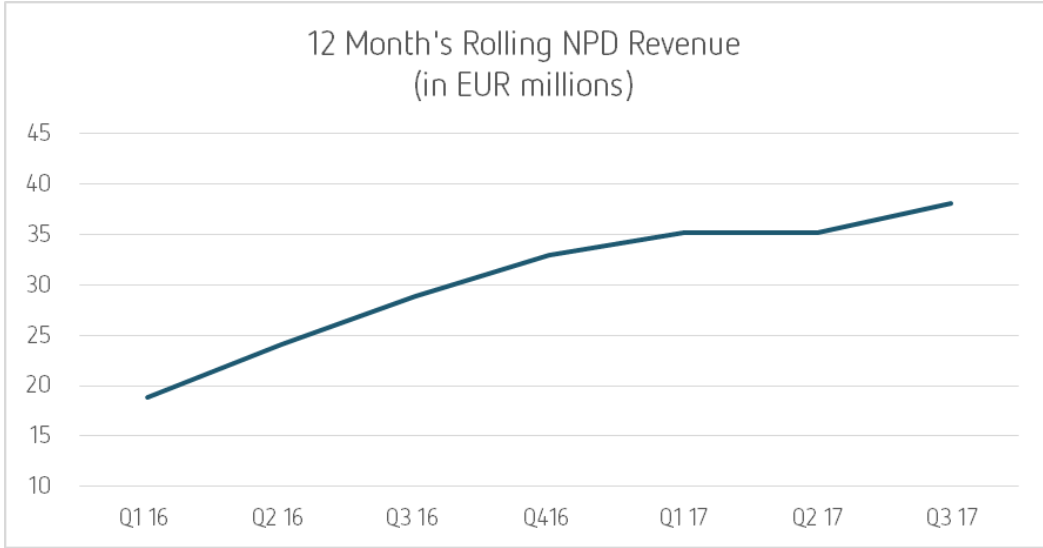
The UK single site project is progressing well with the plan to install new machines on track.

Our testing of the performance of the Chinese machines has been satisfactory and more machines have been ordered from this supplier for 2017.

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

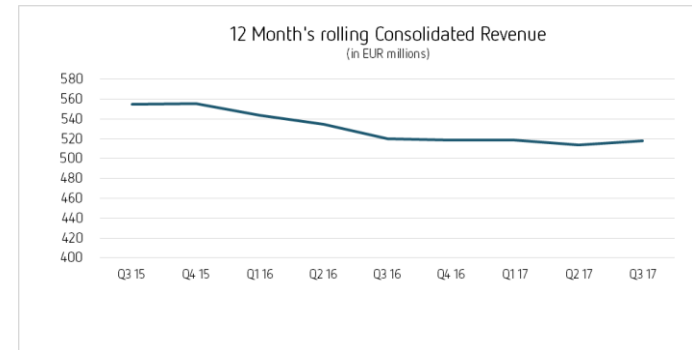


# New Product Development (NPD)

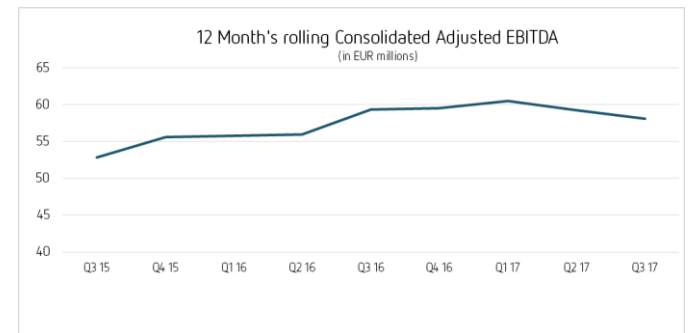


# Financial Performance

in EUR million	Q3 2017	Q3 2016	Q3 2017 YTD	Q3 2016 YTD
<b>Adjusted revenue</b>	<b>131.7</b>	<b>128.0</b>	<b>376.6</b>	<b>377.6</b>
% growth y-o-y	3.0%	-10.2%	-0.3%	-8.5%
<b>Adjusted EBITDA</b>	<b>15.7</b>	<b>16.8</b>	<b>41.2</b>	<b>42.5</b>
% sales	11.9%	13.2%	10.9%	11.3%



- Q3 Revenue is 3.0% above Q3 2016 with strong growth in Europe offset by lower Pooling volumes. This helped the LTM revenue trend to return to modest growth.
- Q3 Ebitda is € 1.1m lower than in Q3 2016 with an impact from lower profitability on products manufactured from regrind material
- The Ebitda % margin at 11.9% remains strong though lower than Q3 2016, which was a very strong quarter.

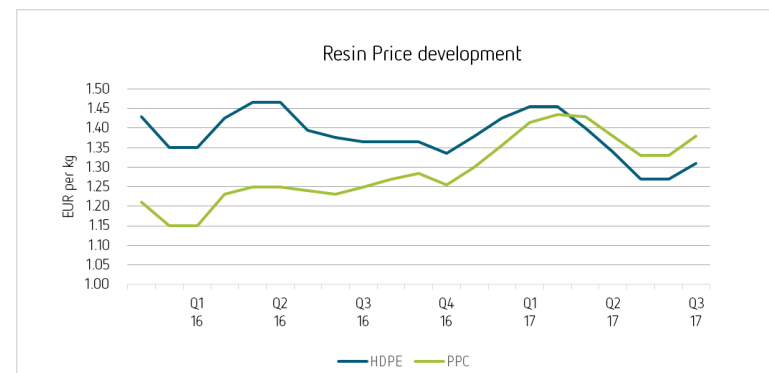


# Financial Performance

At constant FX rates:

in EUR million	Q3 2017*	Q3 2016	Q3 YTD 2017*	Q3 YTD 2016
<b>Adjusted revenue</b>	<b>133.9</b>	<b>128.0</b>	<b>381.9</b>	<b>377.6</b>
% growth y-o-y	4.7%	-	1.1%	-
<b>Adjusted EBITDA</b>	<b>16.0</b>	<b>16.8</b>	<b>41.9</b>	<b>42.5</b>
% sales	12.0%	13.2%	11.0%	11.3%

\*Reported at constant currency



- At constant currency, revenue growth was ca. 4.7%, with majority of FX related to GBP.
- Average resin prices in Q3 were higher than in Q3 2016. We estimate that the pass through of this increase to customers would have resulted in an increase in revenue of ca. 1%. However, there was a higher offsetting impact of over 1%, as we had higher amounts of lower cost regrind material in the same period.





# Cash Flow

in EUR million	Q3 2017	Q3 2016	Q3 2017 YTD	Q3 2016 YTD
<b>Adjusted EBITDA</b>	<b>15.7</b>	<b>16.8</b>	<b>41.2</b>	<b>42.5</b>
Change in the working capital	(3.5)	(2.9)	(1.5)	(11.1)
<b>Operating Cash Flow</b>	<b>12.2</b>	<b>14.0</b>	<b>39.6</b>	<b>31.4</b>
Interest	(0.9)	(3.6)	(10.6)	(9.8)
Taxes	(1.0)	(1.2)	(3.3)	(2.7)
Capex	(4.2)	(5.5)	(12.7)	(9.5)
Proceeds from disposals	0.2	(0.5)	1.0	(0.2)
<b>Free Cash Flow</b>	<b>6.3</b>	<b>3.2</b>	<b>14.0</b>	<b>9.3</b>
Investment in Moulds for Future Growth	(1.6)	(0.3)	(4.5)	(4.8)
<b>Adjusted Free Cash Flow</b>	<b>4.7</b>	<b>2.9</b>	<b>9.5</b>	<b>4.4</b>
Breakthrough projects	(6.8)	(0.1)	(8.9)	(6.5)
New finance leases	4.6	(0.0)	8.4	8.1
Finance lease repayments	(1.7)	(0.9)	(3.4)	(2.6)
Debt repayment and proceeds	(0.2)	(1.6)	(1.1)	(2.5)
Swedish tax payment	(1.7)	-	(1.7)	-
Adjusting items	(1.9)	(0.2)	(5.3)	(2.2)
Refinancing	(0.2)	(0.9)	(0.4)	(2.1)
Other	(0.5)	(0.2)	(1.6)	-
<b>Net Cash Flow</b>	<b>(3.7)</b>	<b>(1.0)</b>	<b>(4.4)</b>	<b>(3.4)</b>

- Adjusted Free Cash Flow for Q3 of € 4.7m inflow.
- Working capital movement for Q3 is € 3.5m negative, 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.
- In August, the first payment installment of € 1.7m was paid to the Swedish tax authorities.



# Debt & Liquidity Overview

in EUR million	Q3 2017	FY 2016
<b>Cash at bank and in hand</b>	<b>(48.0)</b>	<b>(53.3)</b>
8% Senior Secured Indebtedness due 1 Oct. 2021	210.0	210.0
Finance Leases	19.2	15.1
Bank Loans	4.4	5.0
Cash pool Overdraft	-	0.5
<b>Total Debt</b>	<b>233.7</b>	<b>230.6</b>
<b>Total Net Debt</b>	<b>185.7</b>	<b>177.3</b>
<b>Total Headroom (Cash at bank and in hand + Senior Credit Facilities + Cash pool overdraft)</b>	<b>66.5</b>	<b>76.9</b>

- Cash has reduced by € 5.3m during 2017, in line with working capital seasonality and high level of investment.
- The € 4.1m 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.
- Total headroom has decreased by € 10.4m as a result of lower cash balances and a guarantee issued to the Swedish tax authorities.



## Other Updates

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- Swedish Tax: We have filed a request to appeal the case in front of the Supreme Court of Sweden. The request did not delay our payment obligation and the first installment was paid to the Swedish tax authorities in August 2017.
- In October 2017, following successful settlement discussions with a customer, we made a payment of US\$ 11m to that customer.



## Conclusion & Current Trading Update

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- Strong revenue growth in Europe in Q3 was partially offset by lower revenue in Pooling.
- Ebitda was lower than Q3 2016 with an impact from less profitable product manufactured from regrind material.
- A strong cash performance in the quarter and a strong liquidity position
- Trading so far in Q4 is satisfactory but is a little behind our expectations.



QUESTIONS?



## Appendix: Capex Summary

in EUR million	Q3 2017	Q3 2016	Q3 2017 YTD	Q3 2016 YTD
Operations Maintenance	1.1	0.4	3.5	2.8
IMM Replacement	0.7	0.3	3.6	0.3
Operations Expansion	0.2	0.9	0.7	0.9
Breakthrough projects	6.8	0.1	8.9	6.5
Moulds for Sales Initiatives	1.6	1.6	4.5	6.2
Pooling expenditures	0.0	0.9	0.2	1.5
Other	2.1	1.8	4.5	2.7
<b>Total Capital Expenditures</b>	<b>12.4</b>	<b>6.0</b>	<b>26.0</b>	<b>20.9</b>

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



## Appendix: Adjusted EBITDA Bridge

in EUR million	Q3 2017	Q3 2016	Q3 2017 YTD	Q3 2016 YTD
<b>Reported EBITDA</b>	<b>13.6</b>	<b>16.2</b>	<b>25.0</b>	<b>38.8</b>
<b>Adjusting Items</b>				
Customer settlement (pooling)	0.2	-	10.9	-
Restructuring <sup>(1)</sup>	1.0	0.7	3.6	2.2
Fees & due diligence	0.9	-	1.6	-
Refinancing	-	(0.1)	-	-
Litigation & claims	0.0	(0.4)	0.1	(0.1)
<b>EBITDA before adjusting items <sup>(2)</sup></b>	<b>15.7</b>	<b>16.3</b>	<b>41.2</b>	<b>41.0</b>
Accrued Management Fees <sup>(3)</sup>	-	0.5	-	1.5
Other items	0.0	0.0	0.1	0.0
<b>Adjusted EBITDA</b>	<b>15.7</b>	<b>16.8</b>	<b>41.2</b>	<b>42.5</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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