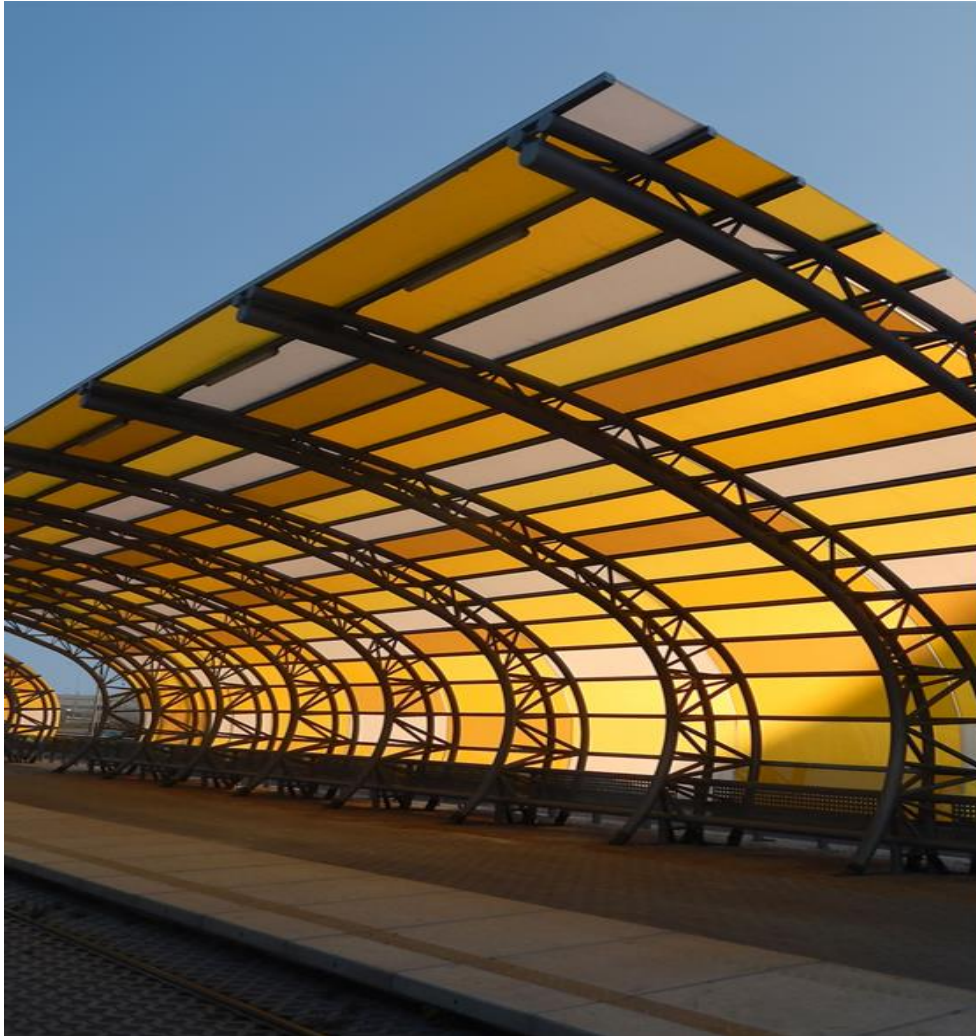




# Presentation year-end report 2023

22 February 2024

# Highlights Q4 2023



Source: Arla Plast AB, Year-end report 2023

- Positive market development
  - Volumes increased overall compared to previous year
- Raw material price levels have stabilized, supply and demand are in balance
- Higher volumes and lower net sales
  - Raw material prices countered
- Strengthened gross and operating margins
  - Increased volume, product mix, efficient material utilization
- Improved cash flow
  - Increased operating profit and reduced capital tie-up
- General uncertainty characterizing market and economic development
- The board proposes to the annual general meeting a dividend of 1.25 SEK per share, 39% of the net profit

# Financial overview – Group financials



- Volumes increased by 5%, net sales decreased by 2%, organically down by 3%
- Construction sector weak, other sectors stronger
- Lower raw material prices, leveling off
- Gross and operating margins increased
  - Favorable product mix, high share of OPC, good material utilization rate

SEKm	Q4 2023	Q4 2022	Δ	FY 2023	FY 2022	Δ
SALES VOLUME, TONNES	4,328	4,124	5%	19,232	18,657	3%
NET SALES	226.6	232.0	(2%)	1,015.1	957.8	6%
OPERATING PROFIT	16.0	11.3	42%	91.6	47.0	95%
OPERATING MARGIN, %	7.1	4.9	44%	9.0	4.9	84%

# Financial overview – Segment Sweden



## Volume

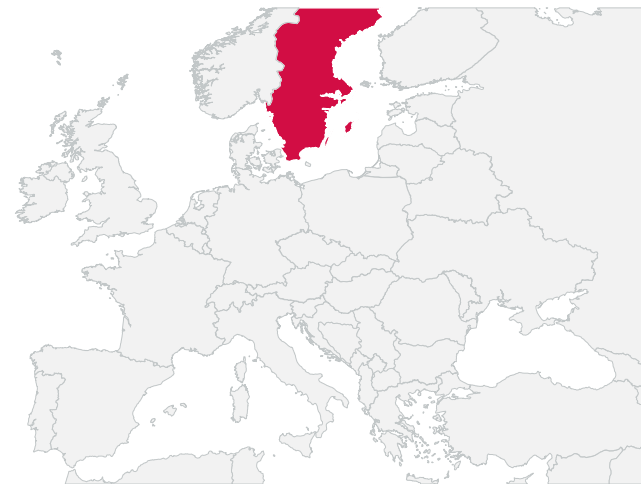
- Q4: up 7%
- Q1-Q4: up 1%
- Overall volume increase TPC
- Perception, linear with the market

## Net sales

- Q4: down 5%
- Q1-Q4: unchanged
- Lower raw material prices during the quarter

## Operating margin

- Q4: 5.4%
- Q1-Q4: 9.1%
- Increased selling expenses
- Full year, electricity support in Q2 amounting to 5.5 SEKm



SEKm	Q4 2023	Q4 2022	Δ	FY 2023	FY 2022	Δ
SALES VOLUME, TONNES	2,724	2,543	7%	12,175	12,003	1%
NET SALES	138.0	144.6	(5%)	608.7	610.1	-%
OPERATING PROFIT	7.4	11.3	(35%)	55.6	36.3	53%
OPERATING MARGIN, %	5.4	7.8	(31%)	9.1	5.9	54%

Source: Arla Plast AB, Year-end report 2023

# Financial overview – Segment Czech Republic



## Volume

- Q4: up 6%
- Q1-Q4: down 6%
- Slowdown towards the end of the year, slight volume growth compared to the same period last year.
- Construction sector generally weak, while the industry is stronger.

## Net sales

- Q4: up 2%, organically up 3%
- Q1-Q4: up 3%, organically down 7%
- Lower raw material prices, increased volumes, change in product mix

## Operating margin

- Q4: 8.8%
- Q1-Q4: 10.1%
- Higher volumes, favorable product mix
- Comparisons periods were weak



SEKm	Q4 2023	Q4 2022	Δ	FY 2023	FY 2022	Δ
SALES VOLUME, TONNES	1,459	1,380	6%	6,473	6,879	(6%)
NET SALES	74.0	72.6	2%	350.2	339.6	3%
OPERATING PROFIT	6.5	-0.4	-%	35.2	10.7	229%
OPERATING MARGIN, %	8.8	-0.6	-%	10.1	3.2	216%

Source: Arla Plast AB, Year-end report 2023

# Financial overview – Segment Germany



## Volume

- Q4: down 12%
  - Q1-Q4:-
- Increased competition with low price levels due to distributor channels
- Overall weak market

## Net sales

- Q4: down 7%, organically down 13%
  - Q1-Q4: -
- Lower purchase prices
- Higher share of customer specific products

## Operating margin

- Q4: 8.0%
  - Q1-Q4: 3.5%
- Improved gross profit



SEKm	Q4 2023	Q4 2022	Δ	FY 2023	FY 2022*	Δ
SALES VOLUME, TONNES	473	539	(12%)	2,132	920	-%
NET SALES	26.2	28.2	(7%)	117.7	47.4	-%
OPERATING PROFIT	2.1	1.9	11%	4.1	2.7	-%
OPERATING MARGIN, %	8.0	6.9	16%	3.5	5.7	-%

Source: Arla Plast AB, Year-end report 2023

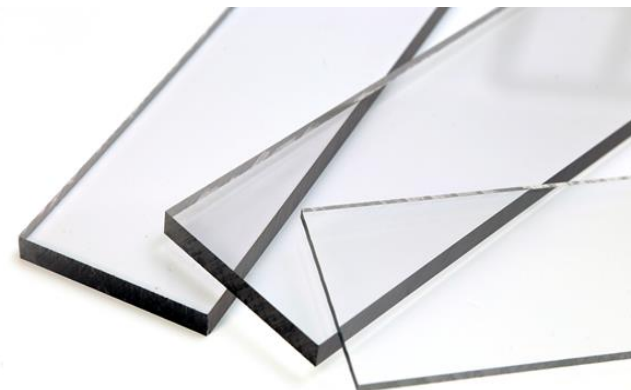
\*Note: Refers to the period from August 1 to December 31, 2022



# Financial overview – Geographical markets



- Sweden - Modest volume growth, high share of projects
- Germany - Weak quarter with general market decline and high competition
- Czech Republic - Project-driven demand from industrial applications of polycarbonate
- Poland and rest of Europe - Positive market development, higher volumes counteract low prices
- Rest of world - Temporarily weaker demand for high-optical products



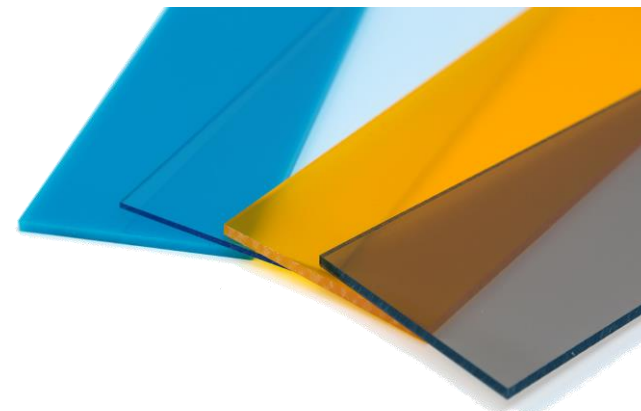
SEKm	Q4 2023	%	Q4 2022	%	FY 2023	%	FY 2022	%
SWEDEN	33.8	15	35.6	15	134.3	13	124.7	13
GERMANY	34.7	15	45.8	20	189.1	19	167.5	17
CZECH REPUBLIC	43.8	19	35.2	15	187.5	18	171.5	18
POLAND	27.9	12	28.9	12	117.0	12	118.3	12
REST OF EUROPE	71.7	32	69.0	30	308.3	30	303.4	32
REST OF WORLD	14.7	7	17.5	8	78.9	8	72.4	8
<b>TOTAL</b>	<b>226.6</b>	<b>100</b>	<b>232.0</b>	<b>100</b>	<b>1,015.1</b>	<b>100</b>	<b>957.8</b>	<b>100</b>

Source: Arla Plast AB, Year-end report 2023

# Financial overview – Product range



- TPC - Positive trend in demand from several markets and application areas
- OPC - Continued demand from industrial applications
- MWPC - Slowed demand from the construction industry and DIY
- ABS - General lower demand across all sectors
- PETG - Declining demand compensated by higher price levels
- PMMA - Modest quarter with general market decline, German market dominates



SEKm	Q4 2023	%	Q4 2022	%	FY 2023	%	FY 2022	%
TPC	97.4	43	98.8	43	439.4	43	422.4	44
OPC	47.5	21	42.5	18	206.1	21	153.7	16
MWPC	34.9	15	37.5	16	163.6	16	188.4	20
ABS	26.5	12	30.9	13	113.9	11	123.2	13
PETG	11.4	5	11.6	5	50.1	5	51.2	5
PMMA	8.9	4	10.7	5	42.0	4	18.9*	2
<b>TOTAL</b>	<b>226.6</b>	<b>100</b>	<b>232.0</b>	<b>100</b>	<b>1,015.1</b>	<b>100</b>	<b>957.8</b>	<b>100</b>

Source: Arla Plast AB, Year-end report 2023

\*Note: Refers to the period from August 1 to December 31, 2022



# Financial overview – Cash flow and balance sheet



- The operating cash flow was positively impacted by the higher operating profit and changes in working capital, primarily inventory
- Reduced capital tie-up in line with the inventory strategy to increase turnover rate with falling raw material prices
- Modest investments
- Increased net cash, financial capacity for modernization in Kadaň, construction of a new warehouse in Borensberg



SEKm	Q4 2023	Q4 2022	FY 2023	FY 2022
CASH FLOW FROM OPERATING ACTIVITIES	78.6	51.3	165.5	86.7
CASH FLOW FROM INVESTING ACTIVITIES	-1.7	-11.9	-6.4	-63.5
CASH FLOW FOR THE PERIOD	63.8	-19.5	135.1	27.0
NET DEBT	-81.3	76.7	-81.3	76.7
NET DEBT/EBITDA	-0.6	0.9	-0.6	0.9
EQUITY / ASSET RATIO	72.4	67.9	72.4	67.9

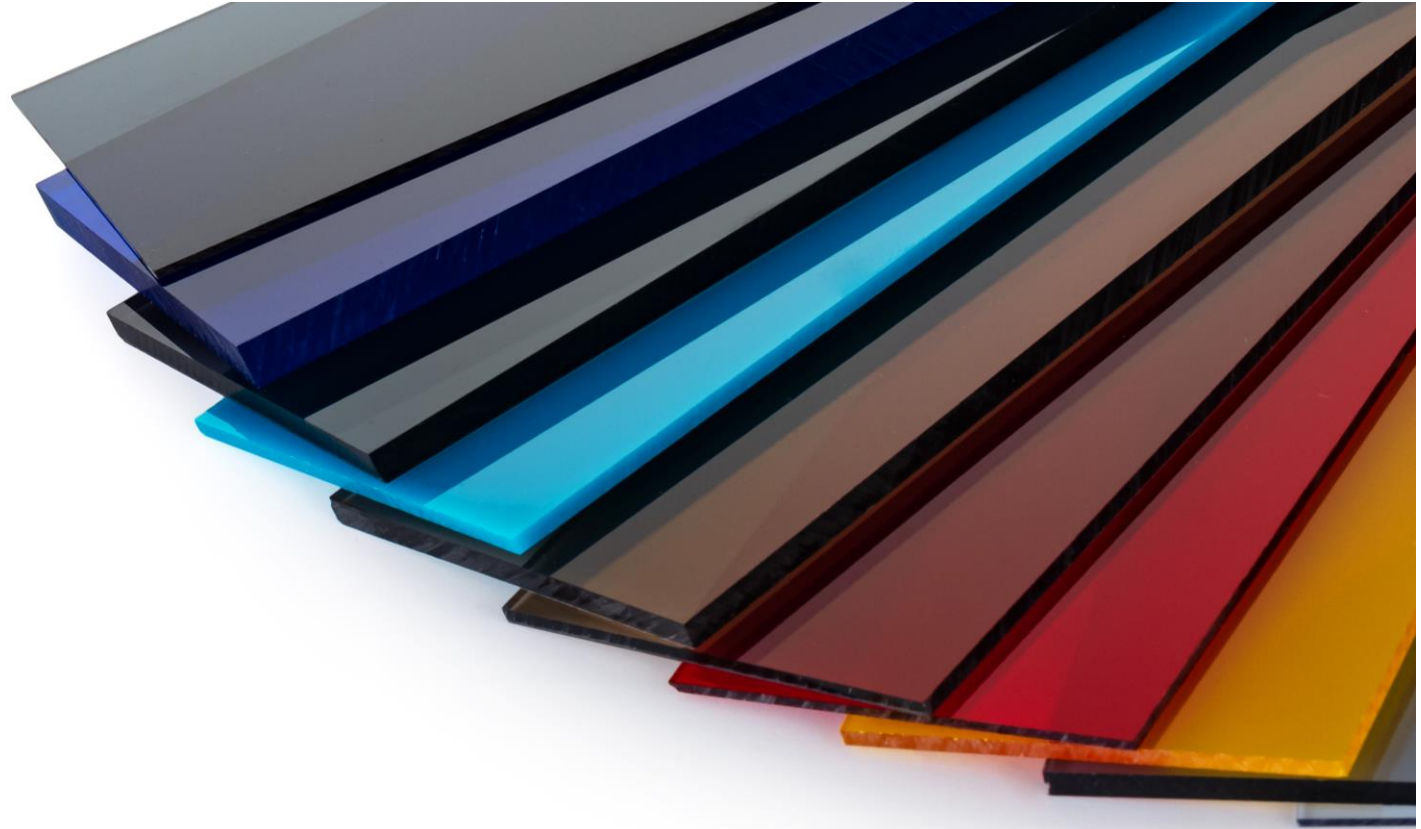
Source: Arla Plast AB, Year-end report 2023

# Summary and outlook



- A successful year behind us
  - Generally increased demand in the industry, turning point second half of the year
  - Falling raw material prices during the year, supply and demand in balance, ongoing capacity adjustments
  - Increased margins despite declining selling prices
  - Strong cash flow as a result of improved results, reduced working capital through increased stock turnover
- Market outlook
  - Announced raw material price increases, still unknown impact of capacity adjustments if done
  - Temporarily increased customer demand expected
  - Recovery in Germany difficult to estimate
  - Delivery disruptions due to conflict in the Red Sea
- Letter of intent, potential acquisition of Nudec S.A.





# Questions?



Arla Plast AB

Box 33, SE-591 06 Borensberg, Sweden

Phone: +46 141 20 38 00 | Email: [ir@arlaplast.com](mailto:ir@arlaplast.com) | [www.arlaplastgroup.com](http://www.arlaplastgroup.com)