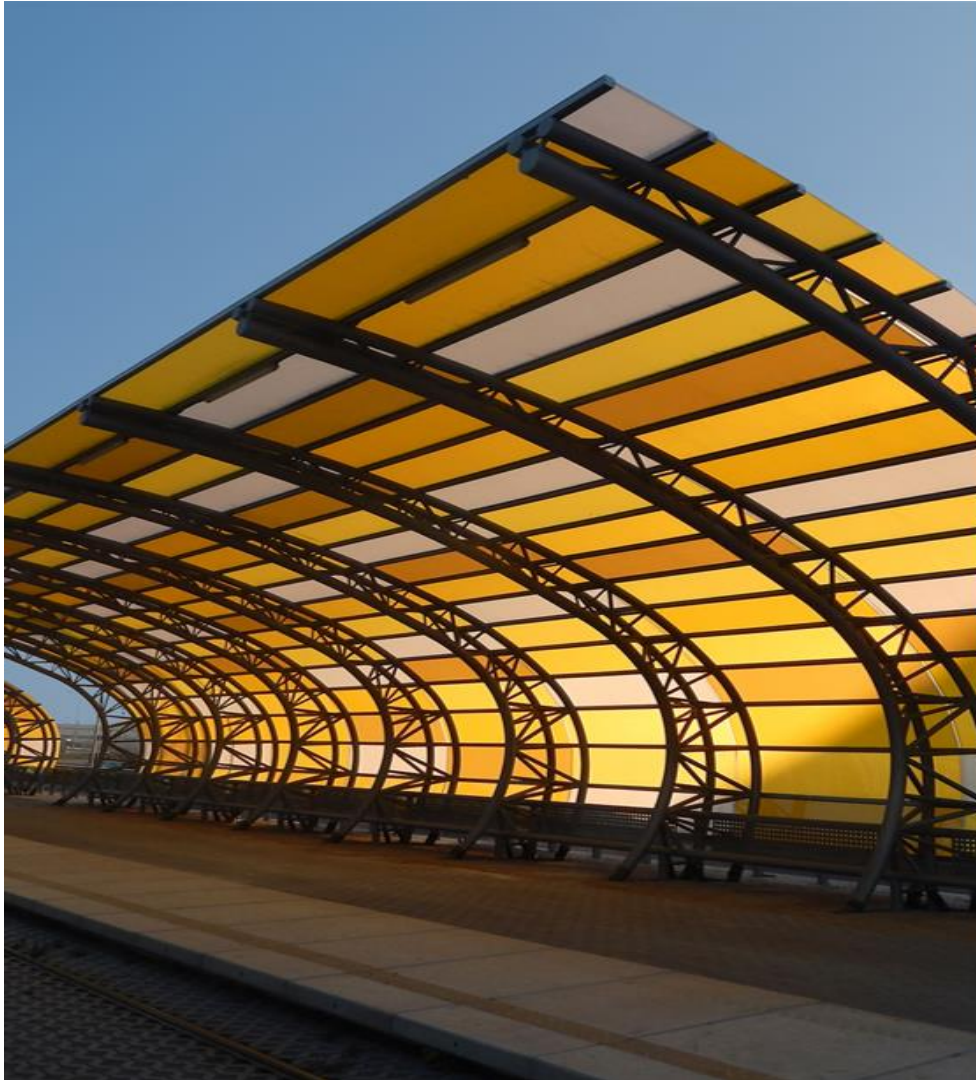




# Presentation Year-end report 2021

18 February 2021

# HIGHLIGHTS Q4 2021



- Tough comparable quarter as Q4 2020 was very strong due to the pandemic related sales
- Growth in all product areas except barrier products, particularly persistent demand for multiwall to home and garden applications
- Raw material prices have continued to rise but at a lower rate. Expected trend towards lower prices has not yet been seen
- Price competition has increased thus affecting gross and operating margins negatively
- Termination cost of SEK 3.1m referring to previous CEO
- Christian Krichau appointed CEO
- Full year in line with financial objectives
- Board proposes a dividend of 1.5 SEK/share

Source: Arla Plast Year-end report 2021

# Financial overview – Group financials



- Tough comparable quarter and year since 2020 was very strong due to the pandemic related sales
- Growth from all product areas except barrier products – total volumes down 2%
- Net sales up 13%, organically 12%
- Volume decline has been compensated by increased prices
- Increased price competition has affected operating profit in Q4 negatively but strong full year
- IPO related costs of SEK -6.1m FY 2021
- Operating margin – in line with financial target

SEKm	Q4 2021	Q4 2020	Δ, %	FY 2021	FY 2020	Δ, %
SALES VOLUME, TONNES	5,503	5,588	(2%)	22,646	23,992	(6%)
NET SALES	240.3	211.9	13%	927.5	884.7	5%
ADJUSTED OPERATING PROFIT	10.2	33.2	(9%)	92.3	113.5	(19%)
ADJUSTED OPERATING MARGIN	4.2	15.7	(73%)	10.0%	12.8%	(22%)

# Financial overview – Segment Sweden



## Volume

- Q4: down 5%
- FY: down 8%

– challenging comparable quarters due to barrier products 2020

## Net sales

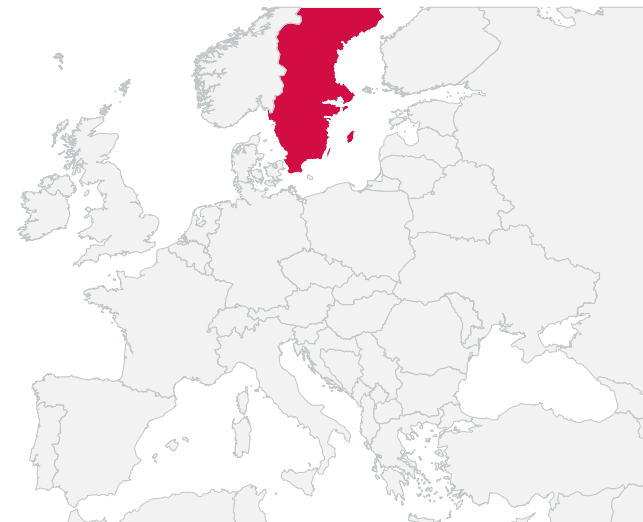
- Q4: up 3%
- FY: up 1%

– price adjustments due to higher cost of input material and change in product mix compensated

## Operating margin

- Q4: 0.7%
- FY: 11.4%

– increased price competition has affected margins negatively but in line with objectives for the full year



SEKm	Q4 2021	Q4 2020	Δ, %	FY 2021	FY2020	Δ, %
SALES VOLUME, TONNES	3,725	3,902	(5%)	14,871	16,211	(8%)
NET SALES	157.6	152.8	3%	618.5	614.1	1%
OPERATING PROFIT	1.0	24.0	(96%)	70.5	94.4	(25%)
OPERATING MARGIN	0,7%	15.7%	(96%)	11.4%	15.4%	(26%)

Note: 1) Rolling Twelve Months – the period Q4 2020 – Q3 2021

# Financial overview – Segment Czech Republic



## Volume

- Q4: up 5%
- FY: up 3%

– persistent demand of multiwall for home and garden applications has compensated for decline of barrier products

## Net sales

- Q4: up 31%
- FY: up 9%

– strong demand of multiwall and price adjustments due to higher input material cost boosts sales

## Operating margin

- Q4: 9.7%
- FY: 6.0%

– change in product mix kept margins at a good level



SEKm	Q4 2021	Q4 2020	Δ, %	FY 2021	FY 2020	Δ, %
SALES VOLUME, TONNES	2,084	1,981	5%	8,929	8,642	3%
NET SALES	91.4	69.7	31%	343.6	314.1	9%
OPERATING PROFIT	8.9	9.2	(4%)	20.6	18.7	10%
OPERATING MARGIN	9.7%	13.2%	(27%)	6.0%	6.0%	(0%)

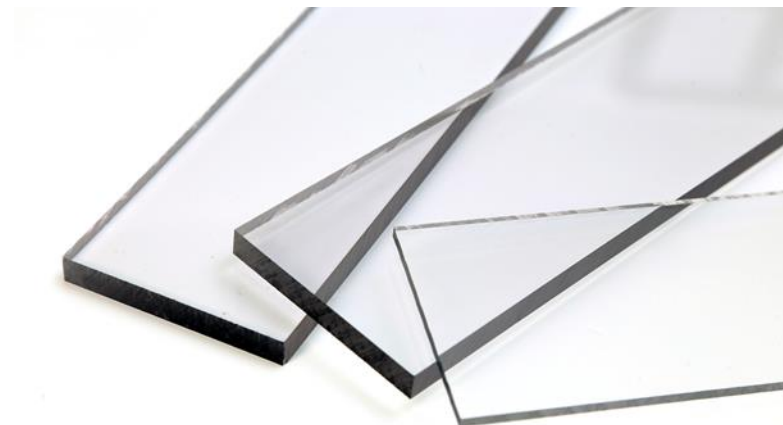
Note: 1) Rolling Twelve Months – the period Q4 2020 – Q3 2021



# Financial overview – Geographical markets



- Germany – Sales effect from the pandemic has diminished within this region, a large customer account moved from DE to CZ
- Czech Republic – Especially strong sale within home and garden
- Rest of World – Increased demand of specialty products

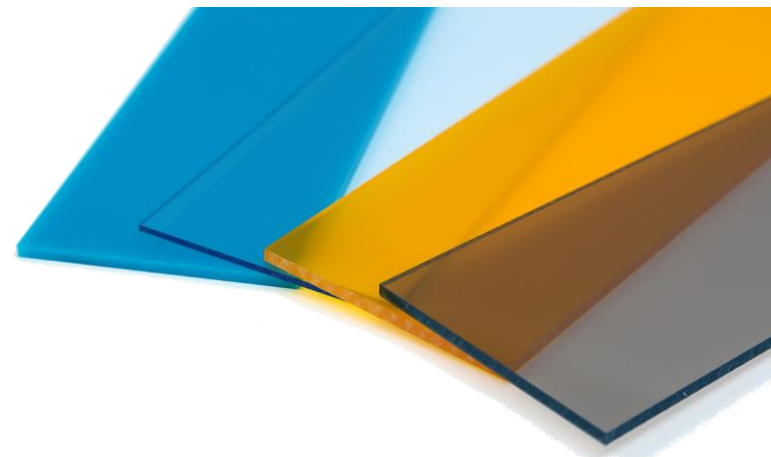


SEKm	Q4 2021	%	Q4 2020	%	FY 2021	%	FY 2020	%
SWEDEN	31.9	13%	30.0	14%	121.8	13%	111.8	13%
GERMANY	35.9	15%	43.4	21%	174.8	19%	234.5	26%
CZECH REPUBLIC	34.7	14%	24.0	11%	136.6	15%	88.4	10%
POLAND	31.9	13%	26.5	12%	106.5	12%	84.2	10%
REST OF EUROPE	90.2	38%	78.1	37%	337.8	36%	329.8	37%
REST OF WORLD	15.7	7%	9.9	5%	50.0	5%	36.0	4%
<b>TOTAL</b>	<b>240.3</b>	<b>100%</b>	<b>211.9</b>	<b>100%</b>	<b>927.5</b>	<b>100%</b>	<b>884.7</b>	<b>100%</b>

# Financial overview – Product range



- TPC – Volume decline has not been compensated by increased prices
- OPC – Returning demand from industrial application
- MWPC – Especially strong sale within construction, home and garden
- PETG – Sales effect from the pandemic has diminished within this range



SEKm	Q4 2021		Q4 2020		FY 2021		FY 2020	
		%		%		%		%
TPC	103.8	43%	107.1	51%	427.4	46%	450.8	51%
OPC	37.9	16%	24.6	12%	124.1	13%	106.8	12%
MWPC	52.7	22%	37.2	17%	211.4	23%	155.8	18%
ABS	29.1	12%	23.9	11%	98.9	11%	87.4	10%
PETG	16.8	7%	19.1	9%	65.7	7%	83.9	9%
<b>TOTAL</b>	<b>240.3</b>	<b>100%</b>	<b>211.9</b>	<b>100%</b>	<b>927.5</b>	<b>100%</b>	<b>884.7</b>	<b>100%</b>

# Financial overview – Cash flow and balance sheet



- Cash flow of operating activities was negatively impacted by a lower operating profit and due to a temporarily release in working capital in the fourth quarter 2020
- Net debt increased due to increased lease liability and increased working capital due to high prices
- Strong equity/asset ratio 72.6% enables further expansion



SEKm	Q4 2021	Q4 2020	FY 2021	FY 2020
CASH FLOW FROM OPERATING ACTIVITIES	27.1	55.3	47.7	148.8
CASH FLOW FROM INVESTING ACTIVITIES	-7.3	-16.9	-34.1	-38.4
CASH FLOW FOR THE PERIOD	-4.8	-66.0	-6.0	-47.4
NET DEBT (+) / NET CASH (-)	44.5	37.0	44.5	37.0
RETURN ON CAPITAL EMPLOYED	18.8	22.9	18.8	22.9
EQUITY / ASSET RATIO	72.6	67.6	72.6	67.6

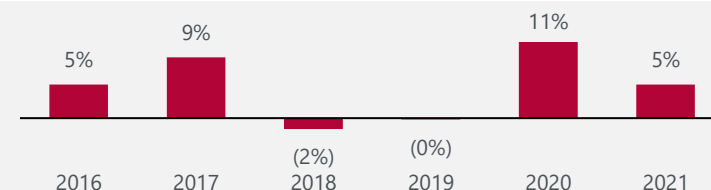


# Financial targets



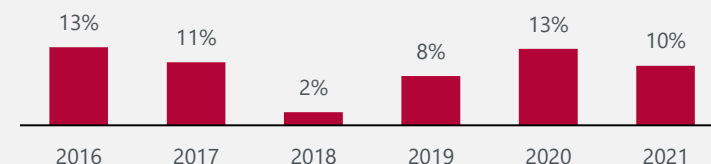
## SALES GROWTH

Annual organic sales growth over a business cycle **should be 5 percent**. This target is **not likely to be met** during the 2021 financial year, as growth was unexpectedly high in 2020 due to the sale of barrier products at the start of the pandemic



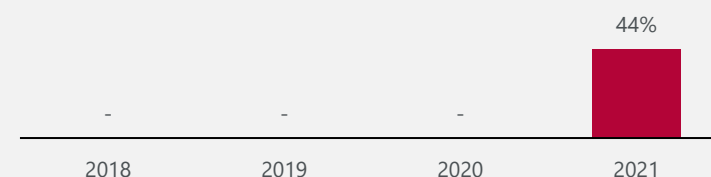
## OPERATING MARGIN

Operating margin over a business cycle should be **at least 10 percent**



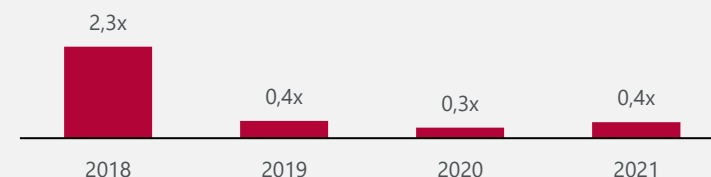
## DIVIDEND POLICY

Dividend policy is to pay shareholders about **30–50 percent** of the profit for the year. Decisions on dividends will reflect the company's financial position, cash flow and investment needs



## NET DEBT

Net debt in relation to EBITDA **shall not exceed 2.5x**



Source: Arla Plast Prospectus 2021, Arla Plast Year-end report 2021

# Arla Plast sets the agenda to create a sustainable future



## DURABILITY

Arla Plast's main product, PC, is up to **~250x** more shock and fracture resistant than glass and **~30x** than PMMA – requiring significantly less input materials in the long-term perspective

## RECYCLING

Arla Plast recycles almost all waste / regrind and waste from some of its customers, leading to reduction in CO<sub>2</sub> emissions of **~10,000 mT** per annum

## ENERGY CONSUMPTION

The Swedish production facility uses EPD® certified energy from Nordic hydropower

## WASTE & EMISSIONS

Continuous work to reduce waste and emissions through several initiatives, in everything from production to using sustainable means of transportation

## SUPPLY CHAIN RESPONSIBILITY

Arla Plast only engages a handful of raw material suppliers, all complying with international human rights, labor rights and anti-corruption policies

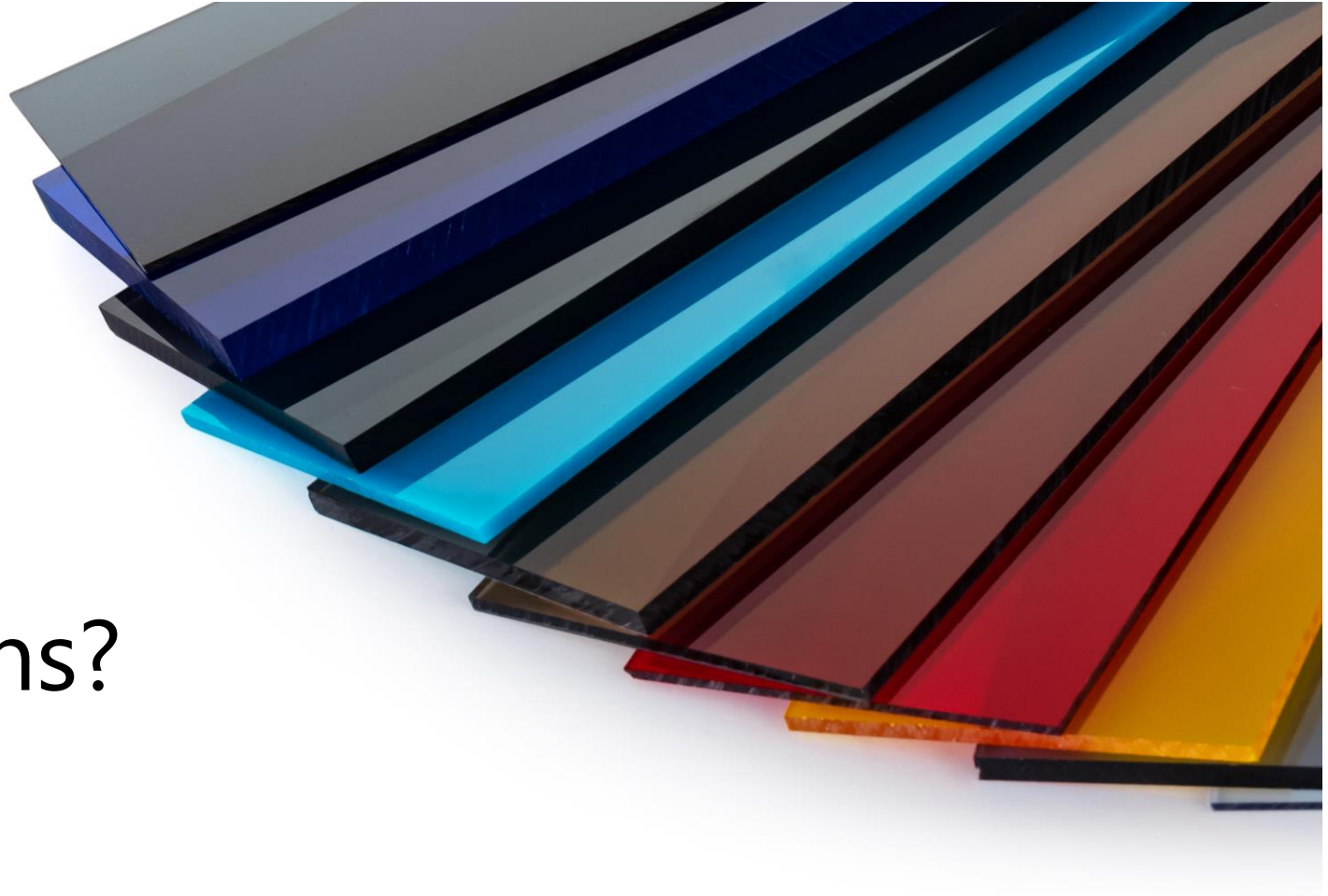
Arla Plast works closely with all direct and indirect subcontractors to ensure compliance

# Summary and outlook



- Challenging comparison with 2020 due to normalized demand for pandemic related barrier products. Growth in all other product areas
- High price level of input materials brought the consequence higher prices to customers and in Q4 increased price competition affecting margins negatively
- Prices for input material continues to increase in Q4, the expected price decrease is still ahead of us
- Strong full year – financial objectives in line
- Investments and improvement activities have significantly increased our production capacity and ability to meet customer demands
- Changes will be implemented in order to improve the use of our sales organization
- We believe demand will come back from many of the application areas where we have seen a modest demand over the past two years
- We will begin a certification process in accordance with ISCC





Questions?



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