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For immediate release

Quadpack 2023 results: Strong operating performance amid market softness

- Turnover of €129 million in year ended 31 January 2024
- EBITDA IFRS €16.2 million, 12.6% of sales (increase of 20% vs 2022)
- Net loss of €2.6 million, caused by one-time asset restructuring
- CAPEX of €5.0 million to drive strategic plan
- New financing deal of €38 million signed with a syndicate of banks
- Financial indebtedness reduced by €8 million to €37.8 million

Quadpack Industries (Euronext Growth: ALQP), manufacturer and provider of packaging solutions to the global beauty industry, achieved a turnover of €129 million in the financial year ending 31 January 2024. While signifying a 10% drop versus the previous period, operating profitability soared to record levels, reaching €16.2 million. 2023 marked a return to stability, following the volatility caused by global events and the subsequent reaction by the market. In addition to market normalisation, Quadpack completed the first stage of its business strategy, which prioritised financial resilience. The company's debt was restructured; the product and client portfolios were rationalised; and the global industrial footprint optimised for efficiency and faster response times.

Asset restructuring for higher return

After careful consideration by the Group's Board of Directors, two unprofitable operations were halted in 2023. First, due to unsatisfactory industrialisation, Quadpack ended the co-development of 'bag-in-bottle technology' with Inotech Cosmetics GmbH, depreciating the associated tangible and intangible investments. This decision generated one-time negative impacts of €4.5 million on operating profit (EBIT) and €2.6 million on net results, but does not impact cash flow generation, nor net debt position.

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Second, the closure of Quadpack Plastics in Spain caused a one-time loss of €1.6 million. Its operations were not profitable and its closure has resulted in an optimised and refocused industrial footprint at the Kierspe site in Germany, for an improved service to customers.

While both decisions impacted net results in the 2023 fiscal year, the improvement of recurring EBITDA allowed the negative impacts to be partially absorbed. The Group is confident that after restructuring the assets, a higher return on assets and profitability will be achieved in the following years.

Strong operating cash flow

Focusing attention on cash generation, Quadpack delivered the second year of strong operating cash flow, reaching €13.8 million against €13.0 million in the previous year. This allowed for €5 million CAPEX and the continued deleveraging of net debt, which decreased to €37.8 million versus €46 million in 2022.

The leverage ratio decreased to 2.3x, down 34% from a 3.4x leverage in the previous year, thanks to the considerable improvements in both net debt and recurring EBITDA.

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Financial highlights

<i>(In € millions)</i>	2023	2022*
Revenue	128.6	142.6
% growth	-10%	34%
EBITDA	16.2	13.5
<i>EBITDA/Revenue %</i>	<i>12.6%</i>	<i>9.4%</i>
Operating result	1.2	3.8
Net result	(2.6)	1.0
Shares	4.4	4.4
<i>Net result per share (in €)</i>	<i>(0.59)</i>	<i>0.23</i>
<i>Net result per share, diluted (in €)</i>	<i>(0.59)</i>	<i>0.23</i>
Cash flow from operating activities	13.8	13.0
Cash flow from investing activities	(4.1)	(5.3)
Cash flow from financing activities	(9.6)	(10.4)
Equity, Group share	32.5	35.3
Borrowings and other financial liabilities	49.9	57.9
Available cash & cash equivalents	11.0	10.9
Net debt	37.8	45.9
<i>Leverage ratio (Net debt/ EBITDA)</i>	<i>2.3x</i>	<i>3.4x</i>

*Amounts restated for comparison purposes.

Consolidation of new strategy

Quadpack laid the foundations of its new business strategy during 2023. It focuses on five pillars: delivering creative product solutions; providing an excellent customer experience; optimising its industrial footprint to regionalise production; developing strategic partnerships for co-creation; and opening the doors to new ventures.

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During this first phase, Quadpack focused on long-term profitability. Debt was restructured with a new syndicate loan of €38 million, with Deutsche Bank as the mandated lead arranger and agent. This deal allows the company to simplify its financing structure, accelerating the repayment of the 2020 Covid loans and settling the remainder of the loan for the acquisition of German manufacturer Louvrette in 2019, while providing additional resources to finance future growth.

Organisational restructuring

Quadpack's manufacturing capability was streamlined during this period. In addition to the closure of Quadpack Plastics and termination of the co-development project with Inotech, a long-term improvement programme commenced at the Kierspe plant. This aims to improve efficiency and customer service, using the latest technologies, including Industry 4.0.

Beyond Europe, Quadpack started regional manufacture in the Americas, thanks to a partnership with a specialist injection moulding company in the US, which will allow it to offer its best-selling airless solutions locally, with faster lead times and a reduced carbon footprint.

A stronger offer for beauty brands

Production capacity was increased at all manufacturing plants in Europe, to meet the rise of local demand. Quadpack now manufactures half of all sales. Its portfolio grew substantially, with 80 new solutions brought to market, designed to meet the needs and desires of today's beauty brands. Quadpack's 'Creative Hub' is expanding its own intellectual property, using in-house talent in partnership with innovation labs.

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The innovations introduced in 2023 focused on personalisation and sustainability. ShapeUp Stick is the first in a new platform of packaging formats that dispense products in a custom shape, to enhance brand customisation and consumer interaction. Quadpack's Woodacity® Collection expanded with new full-wood pack types that use patented closure systems. A new line of dip-in packs was launched, with special applicators for makeup and skincare. All new solutions are designed to minimise environmental impact, in line with Quadpack's sustainability commitment.

Making a positive impact

2023 was Quadpack's first full year as a B Corporation, as the company puts its purpose – taking care and giving back – at the core of its activities.

The complex requirements for regulatory compliance were mapped out, with particular focus on the Spanish 'plastics tax' and the proposed EU Packaging and Packaging Waste Regulation. This exercise also enables the company to advise and support its customers, as they navigate an evolving legislative landscape.

Beyond commercial activity, the company's charitable arm, Quadpack Foundation, had a multiplier effect, as it supported 31 social projects worldwide to support underprivileged young people, with the help of almost 100 volunteers from within the company.

2024: growth, profit and impact

Many of the macro-economic pressures in 2023 continue to affect business into 2024, as the resilient beauty sector stabilises. Quadpack's strategy now enters its acceleration phase, with an emphasis on growth, profit and impact. CEO Alexandra Chauvigné said: "Market softness continues, but our solid operational performance bode well for the year ahead. I am confident about our collective ability to transform challenges into opportunities. We have a robust innovation pipeline and exciting plans to transform our customers' experience. We are ready to accelerate our strategy towards making a positive impact. Personally, I'm looking forward to it!"

–ENDS–

Full results for the 2023 financial year are published on the Quadpack web site: www.quadpack.com/investors/investor-information/

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