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For immediate release

Quadpack 2020 results: resilient performance despite pandemic-driven revenue drop

- Turnover of €101.9 million in year ended 31 January 2021
- Turnover down 22% from €131 million in 2019 (32% like-for-like)
- Drop mitigated by €14 million external growth
- EBITDA reached €8.5 million (vs €13.6 million in 2019)
- EBITDA margin at 8.3% thanks to fast implementation of cost-cutting programme (vs 10.4% in 2019)
- Operating profit (EBIT) down but still positive, at €0.2 million (vs €7.1 million in 2019)
- Net result loss of €1.5 million (vs €3.7 million net profit in 2019)
- Capex of €5 million focused on sustainability and future growth

Quadpack Industries (Euronext Growth: ALQP), manufacturer and provider of packaging solutions to the global beauty industry, saw its first ever decrease in revenue in a year marked by adversity, solidarity, collaboration and resilience. Turnover for the year ended 31 January 2021 reached €101.9 million, down €29.1 million or 22% against the previous year's record of €131 million (32% like-for-like), ending an unbroken trajectory of year-on-year growth.

Financial highlights

<i>(In thousands €)</i>	2020	2019
Net revenue	101,986	131,024
<i>% growth</i>	<i>-22.2%</i>	<i>25.2%</i>
EBITDA	8,452	13,593
<i>EBITDA/Revenue %</i>	<i>8.3%</i>	<i>10.4%</i>
Operating results (EBIT)	183	7,117
Net results	(1,541)	3,682
Shares ('000)	4,381	4,204
<i>Net results per share (in €)</i>	<i>(0.35)</i>	<i>0.92</i>

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Results were affected by the global COVID-19 pandemic and the subsequent closures of most of the Group's main markets. They reflect the conditions of the global beauty market, which decreased 8% in 2020, following a decade of annual growth of 3-5%.

The decrease in Quadpack's turnover was compensated by the external growth of €14 million, obtained through the full-year consolidation of packaging manufacturer Louvrette and the cosmetics business of Inotech in Germany, both acquired in July 2019. Overall results were further mitigated by a robust business strategy and fast action during the onset of the crisis.

"Despite the loss, Quadpack has shown great resilience. Rapid action and pro-active measures mitigated our losses to the point that we could continue making smart investments that will help ensure we come out of the crisis ready to thrive," said Quadpack CFO Bardo Bevelander.

2020 marked the start of Quadpack's five-year business strategy, which focuses on five pillars: geographic expansion, agility, sustainability, collaborative innovation and being a great place to work. The development of all five pillars helped strengthen the company's ability to meet the challenges of the pandemic.

COVID-19 effects by market

Market conditions varied in EMEA, the Americas and Asia Pacific, Quadpack's three key territories. EMEA continued to be the Group's most important market, accounting for 80% of sales in 2020. However, it was also the most impacted region, with a 20% decrease in sales. The Americas remained resilient during the crisis, presenting a positive year-on-year growth of 8%. Asia Pacific, on the other hand, presented stagnant growth.

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Of Quadpack's target market segments, skincare accounted for 76% of the company's total 2020 budget. Make-up and fragrance were badly hit with a decrease of 55% and 42% respectively.

Crisis management with an eye on the future

From the start of the crisis, a solid recovery plan, supported by all stakeholders, focused on optimising operating expenses and preserving cash flow. Staff engaged in temporary salary reductions to safeguard employment when the crisis was at its peak. A collective effort generated €6 million in savings through multiple creative and bold actions. As a result, the year's operating profit (EBIT) was positive, at €0.2 million. Additional actions to protect liquidity included bank financing of €21 million and working capital optimisation of €2.9 million.

This allowed for a limited capital expenditure of €5.4 million, concentrating on strategic priorities to ensure continued sustainability. Quadpack opened an office in Japan, a key market crucial to Quadpack's expansion in the Asia Pacific region. A multi-year digital transformation project continued during 2020, connecting all areas of the business for greater agility. The Quadpack Wood factory inaugurated a biomass plant, a move which brings it close to carbon neutrality. Other investments concentrated on increasing sustainability and efficiency in Quadpack's factories in Spain and Germany, as well as workers' rights and wellbeing, including a new job grading scheme designed to enhance equality.

Supporting stakeholders

During the pandemic, the main priority was to keep staff safe and well. Flexible working arrangements, homeworking, staggered shifts, distancing and strict hygiene rules were some of the measures employed to protect office and factory staff. Regular video updates by the CEO kept the entire workforce apprised of Quadpack's status to maintain transparency. Staff retained personal contact through the Yammer social platform. Training materials were made available on dealing with the crisis, to aid mental health and wellbeing. .../more

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As a packaging partner, Quadpack supported its clients throughout the pandemic, with new product ideation, development and launches, supply chain solutions and financial support where needed. Stakeholders were kept informed thanks to an online dashboard with live operational data. Quadpack's Spanish manufacturing facilities only suffered a one-week closure, while the Louvrette factory in Germany continued to be operational throughout.

In the wider community, Quadpack's production facilities and supply chain were repurposed to assist the relief effort. Working together with other stakeholders, face shield parts were produced and distributed, and PPE was sourced from Asia and donated in Europe and the US.

Net results and Net debt

The net result for the fiscal year was a loss of €1.5 million, against a net profit of €3.7 million in the previous fiscal year. Dividends were suspended for the year. Despite the adverse conditions, net debt level improved slightly against the previous year, amounting to €40.7 million, while leverage ratio covenant obligations were waived.

Looking ahead, Quadpack has started 2021 focused on returning to growth and cash-flow generation as it continues to invest in its people, its processes and protecting the planet. Quadpack CEO Tim Eaves concluded: “The market conditions that led to our first ever loss have been devastating to the global beauty industry. However, its resilience during past crises has been demonstrated and we are seeing the market recover. Our business strategy has withstood the challenges of a volatile environment and will now guide us on our journey towards greater sustainability. The pandemic forced us to ‘cut the fat, not the muscle’, leaving us more efficient than before. The Quadpack family strengthened its bonds and worked together in solidarity. 2020 was our most difficult year, but I have never been more proud.”

–ENDS–

Full results for the 2020 financial year are published on the Quadpack web site:

www.quadpack.com/investors/investor-information/

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