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Quadpack's H1 2022 results: record revenues signal strong recovery from pandemic downturn

- Revenues €74 million for H1 2022, up 58% over previous year (€46.7 million)
- Net profit of €1.5 million, demonstrating recovery from pandemic downturn
- EBITDA €6.9 million – 9.3% of revenue vs 7.5% in 2021
- 43% of sales from own manufacture, totalling €32.4 million
- Continued investment of €4.4 million in increased manufacturing capacity
- Cash position of €6.5 million, with an increase in net debt to €53.5 million

Quadpack Industries (Euronext Growth: ALQP), manufacturer and provider of packaging solutions to the global beauty industry, has reported revenues of €74 million in its first semester of 2022, ending 31 July, representing a 58% growth. The results surpass pre-Covid levels of business, making this the best half-year in the company's history. Profitability was maintained despite fierce macro-economic pressures from the energy crisis and inflation, with the company generating an EBITDA of €6.9 million. The acquisition of decorating specialist Stefan Wicklein during H2 2021 contributed to the revenue increase in the manufacturing division by 7.9%.

Quadpack's rapid growth demanded a significant investment in working capital to meet the increase in volume. Financed from the company's own cash reserves, this investment caused a drop in the company's cash position. During the first half of 2022, the Group's net debt position increased by €5.6 million to €53.5 million. In the second half, Quadpack is focused on reducing debt and increasing liquidity by focusing on improving cashflow generation and cost control.

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Financial highlights

<i>(In €'thousands)</i>	H1 2022	H1 2021
Net revenue	73,937	46,678
% growth	58.4%	-14.5%
EBITDA	6,885	3,507
<i>EBITDA/Revenue %</i>	9.3%	7.5%
Operating result	2,760	(250)
Net result	1,415	(916)
Shares	4,380,572	4,380,572
<i>Net result per share (in €)</i>	0.32	(0.21)
<i>Net result per share, diluted (in €)</i>	0.32	(0.21)
Cash flow from operating activities	(1,036)	1,366
Cash flow from investing activities	(4,408)	(2,309)
Cash flow from financing activities	(3,058)	(5,873)

<i>(In €thousands)</i>	31/07/2022	31/01/2022
Equity, Group share	36,481	34,740
Borrowings and other financial liabilities	60,125	63,044
Available cash & cash equivalents	6,531	15,089
Net debt	53,594	47,955
<i>Ratio of net debt/equity (gearing ratio)</i>	1.47	1.38

Challenges and opportunities

The industry has faced a challenging economic panorama during the first half of 2022, with the increase in energy prices playing an important role in the overall post-pandemic inflationary environment. The combination of elevated post-Covid consumption and the impact of the energy crisis due to the Ukraine conflict, has seen demand increasing at the same time as costs. Efficiency measures implemented at Quadpack's factories are counterbalancing cost increases, including the positive impact of the waste-fuelled biomass boiler at the Torelló plant in Spain. The current challenges are expected to continue through the end of the year.

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Growing consumption also constitutes an opportunity for Quadpack. Besides cost-saving measures, the company is investing in future profitability, with a focus on its manufacturing capacity and product range. Some €6 million has been invested at the Kierspe plant in the last 2 years, to expand its injection-moulding and assembly capacity and to bring decoration in-house. A state-of-the-art decoration centre was inaugurated in September 2022. The investments will help the plant meet demand, which rose by more than 40% compared to H1 2021. Long-term contract agreements from key customers suggest that the current volumes will be sustained for the foreseeable future.

Innovation and collaboration

Quadpack continues to innovate, with an emphasis on sustainability and eco-design, using more recyclable materials in its own manufacture. Its biggest launch during 2022 was Iconic Woodacity[®], a refillable lipstick with a wooden housing. The product development involved a partnership with Aptar Beauty + Home, a global leader in dispensing systems, drawing on the companies' respective strengths in lipstick mechanisms and wooden components, in line with one of Quadpack's strategic pillars: collaborative innovation. The Iconic Woodacity[®] was the highlight of both Quadpack's and Aptar's stands at a number of recent industry shows, including MakeUp in Paris, PCD and Luxe Pack Monaco.

Sustainability

Beyond product development, Quadpack seeks to make a positive impact in all areas of its business. The first half of 2022 saw Quadpackers planting trees in Spain and Germany with Life Terra and supporting social and environmental projects worldwide through the Quadpack Foundation. The company's global efforts in sustainability led to its certification as a B Corp in April. This accomplishment was achieved in a timeframe of less than one year, thanks to the involvement of staff at all levels of the business.

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Preparation for B Corp certification also paved the way for a change in leadership. With good governance practice favouring a separation of the functions of Chairman and Chief Executive Officer, a thorough search led to the appointment of industry veteran Alexandra Chauvigné as CEO, effective from 1 September 2022. Co-Founder Tim Eaves remains as Chairman of the Board of Directors and takes on the newly-created role of Chief Impact Officer to develop the company's activity as a B Corp.

Chauvigné commented on Quadpack's performance during H1: "The results are extremely positive and show that business is back on track. The current climate demands we prepare for the challenges ahead and build profitable growth. It's an exciting time to be joining the company and it is heartening to see the implication of the entire workforce. A good culture is fundamental to a company's resilience and Quadpack is built on the passion and commitment of the whole Quadpack family."

Estimated turnover for 2022 is €140 million, with continued momentum during 2023.

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To see the full report, visit: www.quadpack.com/investors/investor-information/

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Further information

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