

Barcelona, 29 June 2020

2019 results propel Quadpack into the Top 10 European beauty packaging providers

- Turnover of €131 million in year ended 31 January 2020
- Turnover up 25% from €104.7 million in 2018
- 25% year-on-year growth over the last five years
- EBITDA up 40% at €13.6 million
- Net debt/EBITDA ratio steady at 3.0x
- €0.92 EPS and €0.88 diluted EPS

Quadpack Industries (Euronext Growth: ALQP), manufacturer and provider of packaging solutions to the global beauty industry, is proud to announce record results for its 2019 financial year, maintaining a year-on-year compound growth of 25 per cent since 2015.

Quadpack closed 2019 with a turnover of €131 million, up 25 per cent over the previous year. Organic growth represented 15 per cent. EBITDA rose by 40 per cent, reaching €13.6 million and a healthy 10.4 per cent EBITDA margin (% of net sales). Net income reached €3.7 million with a net income margin (% of net sales) of 2.8 per cent and earnings per share of €0.92 and diluted earnings per share of €0.88.

The net debt/EBITDA ratio remained at 3.0x. Quadpack's organic net debt was only €1.6 million which followed a health leverage from previous years. Dividends were paid for the fourth consecutive year.

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<i>(In € 'thousand)</i>	2019	2018		△	△ %
Turnover	131,024	104,660	▲	26,364	25%
EBITDA	13,593	9,723	▲	3,870	40%
<i>EBITDA margin (%)</i>	<i>10.4%</i>	<i>9.3%</i>	▲	<i>1.1%</i>	
EBIT	7,117	6,513	▲	604	9%
Financial	(1,808)	(1,510)	▲	(298)	20%
Tax	(1,421)	(1,353)	▲	(68)	5%
Net income	3,682	3,670	▲	12	0%

IFRS accounting standards

Quadpack moved from Spanish GAAP to IFRS accounting standards in 2020, in order to align the presentation of the company financials with the standard on the Euronext stock market.

Strategic acquisitions

2019 saw the strongest inorganic growth since Quadpack started its M&A activity in 2013, with a knock-on effect on turnover. In the middle of 2019, Quadpack made two acquisitions in Germany: injection-moulding specialist Louvrette GmbH and the cosmetics business of engineering company Inotech. The 2019 exercise included the half-year results of both. The Inotech agreement also gave Quadpack the exclusive global commercial rights to its ground-breaking bi-injection blow-moulding (BIBM) technology. The operations form part of Quadpack's long-term business plan of increasing production capabilities by manufacturing in the region, for the region – a strategy which has placed it among the Top 10 beauty packaging providers in Europe.

Stock market listing

This strong position coincided with a transfer to the Euronext Growth stock market in Paris on 16 October. Following approval for direct admission by Euronext, the share price was €32.8 on the first day of trading, with a market capitalisation of €138 million. The listing will broaden the company's means to finance its double-digit growth. .../more

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Physical growth

In terms of physical expansion, Quadpack's headquarters in Barcelona, Spain, were supplemented by 800m² of space dedicated to collaborative working areas, a larger test laboratory and a spectacular new showroom. In the Asia-Pacific region – one of Quadpack's three key territories alongside Europe and the Americas – the company inaugurated a bigger office in Seoul, Korea, to house its sourcing and service teams, as it seeks to balance its presence worldwide. The global family of Quadpackers rose by 200, with nearly 600 people now spread across four continents.

Sustainability and innovation

The company made significant advances in the areas of sustainability and innovation. At the close of 2019, Quadpack was appointed 'Preferred Global Cosmetics Packaging Partner' by Sulapac, a Finnish pioneer in biodegradable, microplastics-free materials. Quadpack will now develop new packaging formats using Sulapac material for global beauty brands.

An R&D partnership was forged with the engineering team of Inotech, to leverage its knowledge in sectors including automotive, telecoms and pharma tech to conceive new ideas for beauty packaging. Inotech's expertise will help Quadpack exploit the full potential of BIBM technology, a process which allows the production of packaging using two materials in one pass.

With Sulapac material, Louvrette's expert knowledge of injection moulding, Inotech's engineering know-how and the aesthetic and functional potential of BIBM, Quadpack expects to make great strides in R&D, pushing the boundaries of what's possible in creating sustainable, differentiated beauty packaging solutions.

In an exercise of transparency regarding its commitment to environmental, social, and governance (ESG) standards, the company is publishing for the first time its non-financial information report.

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Facing the COVID-19 crisis

The COVID-19 pandemic makes it impossible to make full-year predictions for 2020. Quadpack's first quarter of 2020 was €24 million, 18% lower than budgeted. This is in line with the 20% average downturn experienced by the global beauty packaging industry. Nevertheless, Quadpack is confident that it will reach above €50 million in sales by the end of H1 2020. A gradual increase in business activity is already apparent and expectations for the performance of the second half of the year are prudently positive.

At present, a solid recovery plan is in effect, fully supported by all stakeholders, to help mitigate the effects of the pandemic on the business. The plan focuses on optimising costs and working capital and concentrating capital investment on strategic priorities. In addition, Quadpack has secured €20.5 million in financing, supported by its international bank pool, which will allow the Group to withstand any downturn in the future, helping its customers and suppliers going forward.

“We entered the COVID-19 crisis with a reinforced balance sheet, solid liquidity position and a strong order book and we have reacted quickly, executing a comprehensive risk-mitigation plan that assures our business strategy in the short and medium term,” said Quadpack CFO Bardo Bevelander.

Quadpack CEO Tim Eaves said: “The pandemic has been hard for everyone, but it has also validated our business strategy. The beauty packaging industry is a resilient one and our ‘Little Big Company’ model has provided a solid structure, along with the agility to adapt to radically changing circumstances – to the point that we are in a position to help COVID-19 relief efforts through our factories and supply chain. It is clear to us that we need to keep investing in innovation, our facilities and our people, and to collaborate with the industry to create a more sustainable future for all.”

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In the meantime, a strong global presence, a diverse portfolio, a low organic net debt and a healthy working capital make for a robust financial situation from which to face the current challenges with a positive outlook.

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