

# Cabka

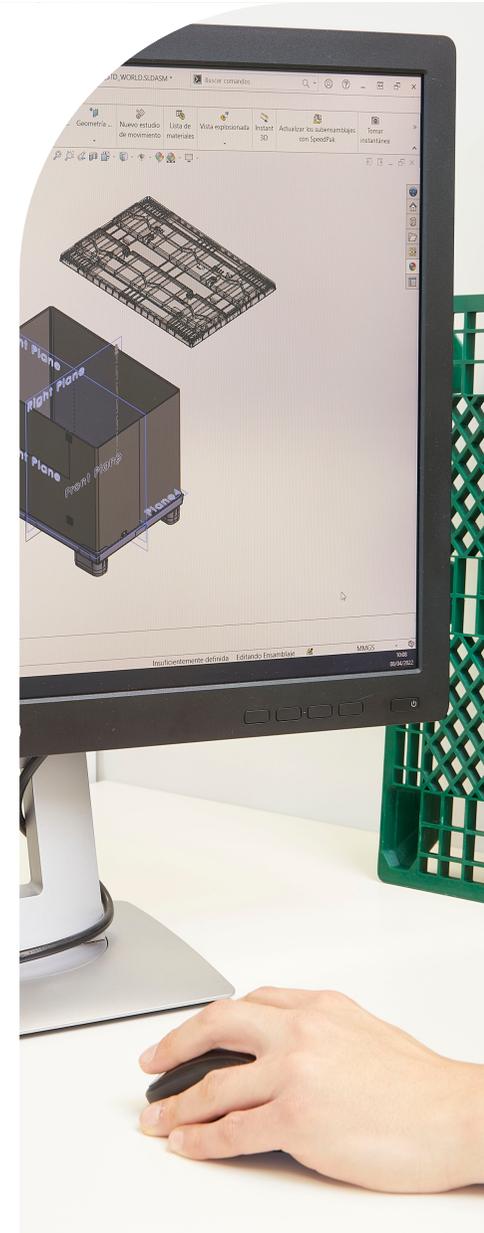
a leading integrated circular production company

**AGM**

**Business Update**

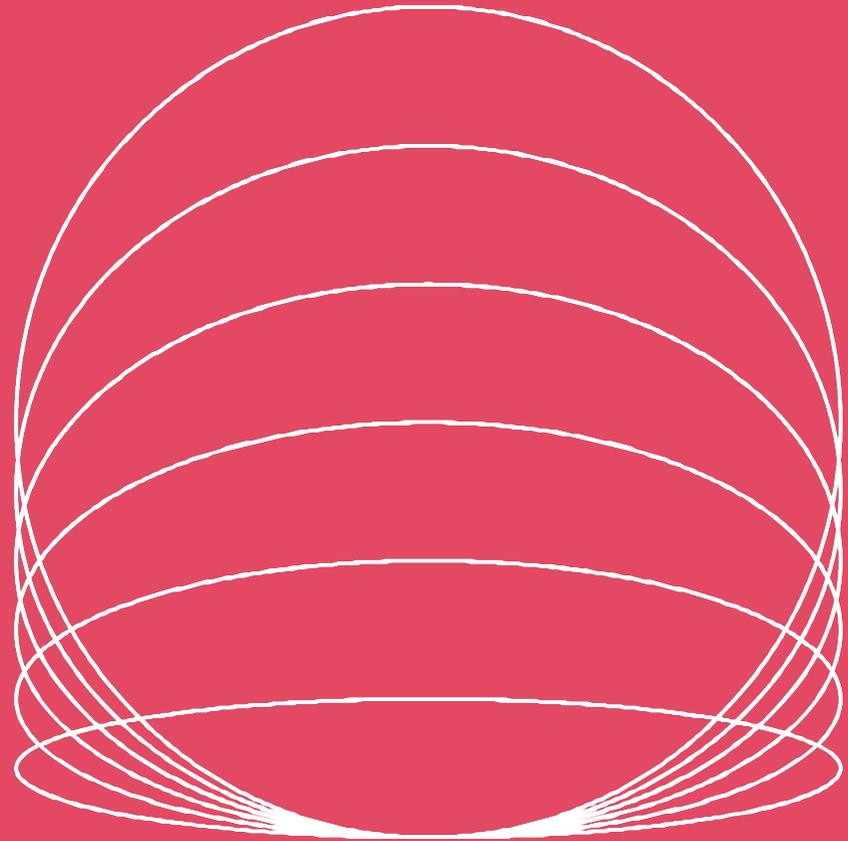
**Tim Litjens, CEO**

Amsterdam, 31 May 2022



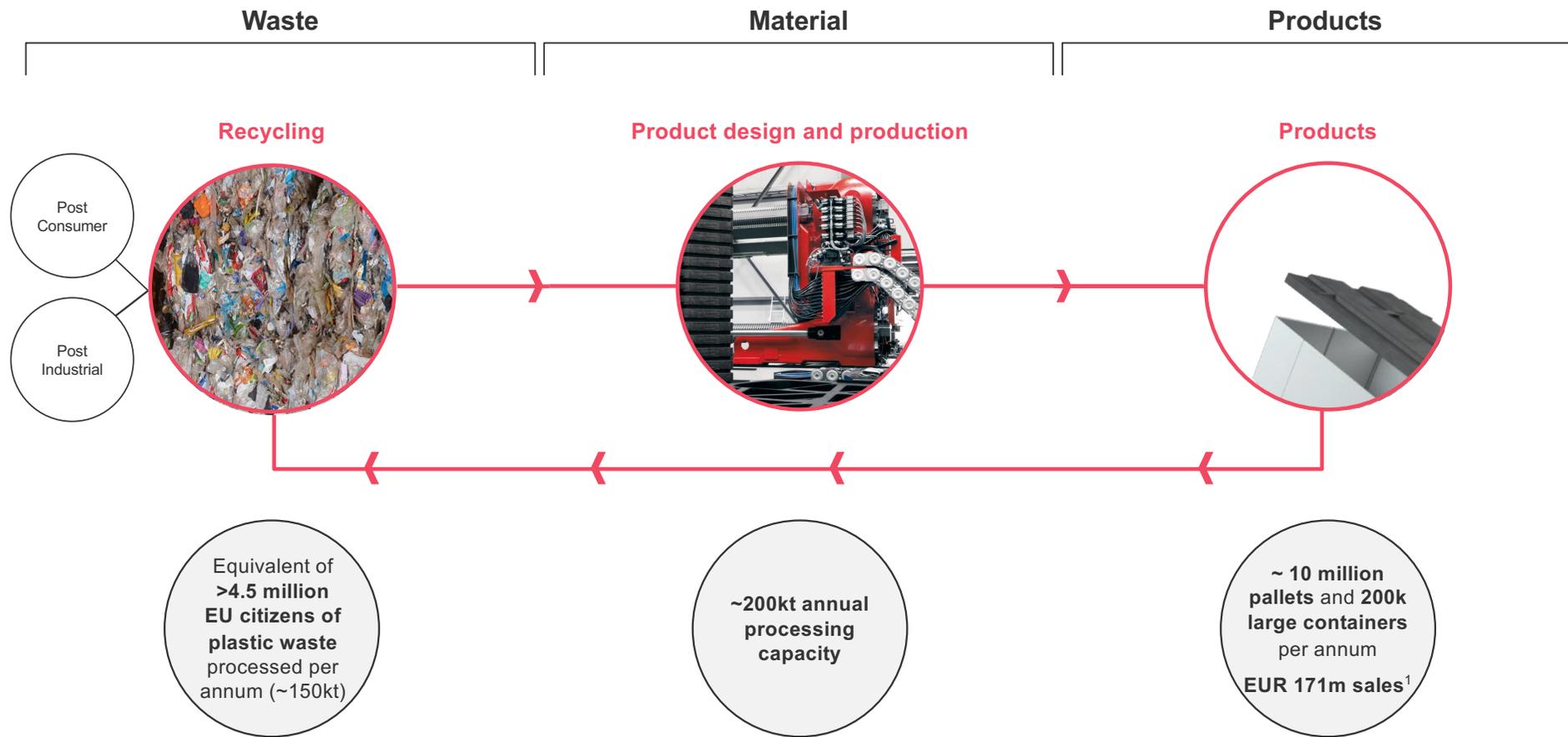
# 01

Cabka's unique  
proposition and  
opportunity



# Cabka is closing the loop from waste to end-products

While competitors can only cover part of the value chain



Sources: Eurostat: Packaging waste statistics, and management information.  
 Note 1: in 2021FY

# Two global forces reshaping plastic transport packaging market

## Driving increased demand to replace wood by reusable and recyclable plastic



### Logistics chain rationalization

- Strategic **relevance of logistics chains**; driving need for innovative solutions
- Trend towards fully **automated warehousing**; zero tolerance for system failure
- Increasing demand for more **hygienic pallet solutions**; no mold, splinters etcetera
- **Pallet pooling** shifting towards plastic; larger players are integrating plastic into their strategy



### Sustainability

- Circular business models and sustainability in the core of **corporate and regulatory agendas**
- Strong interest in **sustainable products**; reusability, recyclability, recycled materials
- **Superior CO<sub>2</sub> footprint** of plastic in most applications, especially for recycled plastics
- **Residual value** management increasingly important



# Offering innovative customized solutions

## Deeply embedded in clients core logistics chain

### Target Contract & Product USP's

- Multi-year contract for large foldable containers
- Tailored for Target distribution needs
  - **Designed for extreme reusability**
  - **Superior protection during logistics**
  - **More efficient return logistics**
  - **Fully recyclable**
  - **Superior sustainability**



### Powered by

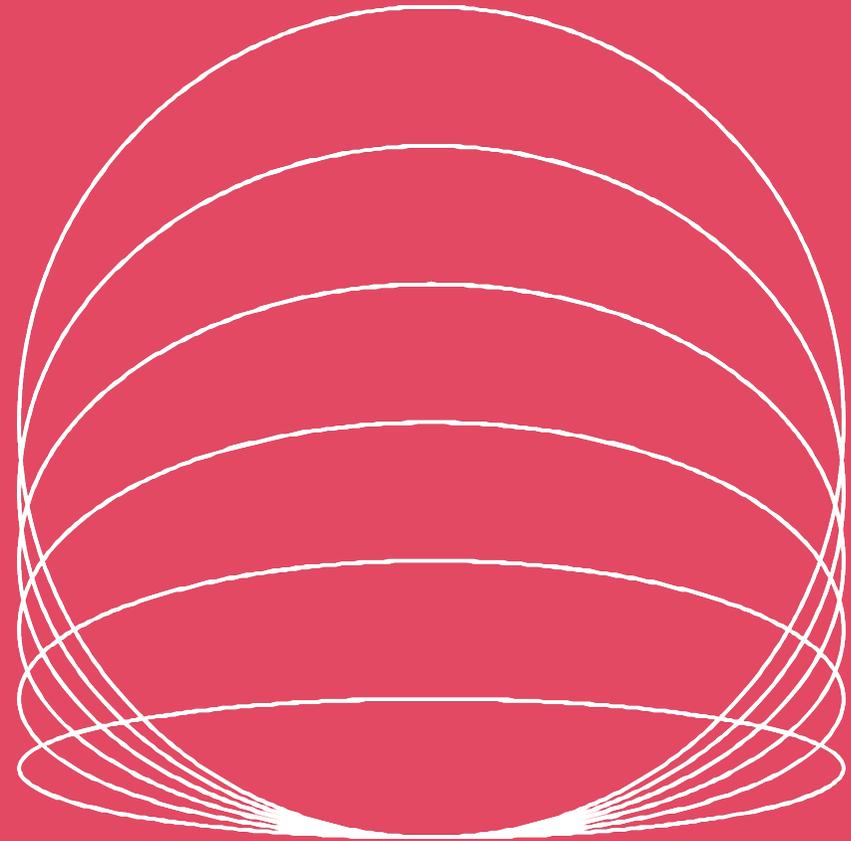
- **Valencia Innovation Centre**
  - Embedded consistent focus on R&D creating intellectual property
  - Competitive edge through in-house developed, patented expertise

### Market opportunity

- More contracts pending

# 02

## Financial results 2021



## FY2021 results | Strong post-Covid recovery (1/2)

### Basis of preparation

- Figures comprise consolidated figures for Cabka Group GmbH
- All figures presented are based on German GAAP accounting principles
- As Cabka will transition to IFRS reporting for FY22 figures, IFRS 16-adjusted EBITDA and net debt figures<sup>1</sup> are presented to provide an insight in these metrics under both reporting principles

### Revenue & profit FY 2021

• <b>Revenues</b>	€ 170.6m	+26.8%
• <b>Gross profit</b>	€ 88.2m	+18.7%
• <b>Underlying EBITDA</b>	€ 28.0m	+38.5%
• <b>IFRS Adjusted Underlying EBITDA</b>	€ 31.0m	+41.4%
• <b>Net profit</b>	€ 4.6m	+€7.8m

Note 1: IFRS-16 impact based on high-level gap assessment by DSC2 and its advisors

## FY2021 results | Strong post-Covid recovery (2/2)

### CAPEX and NWC

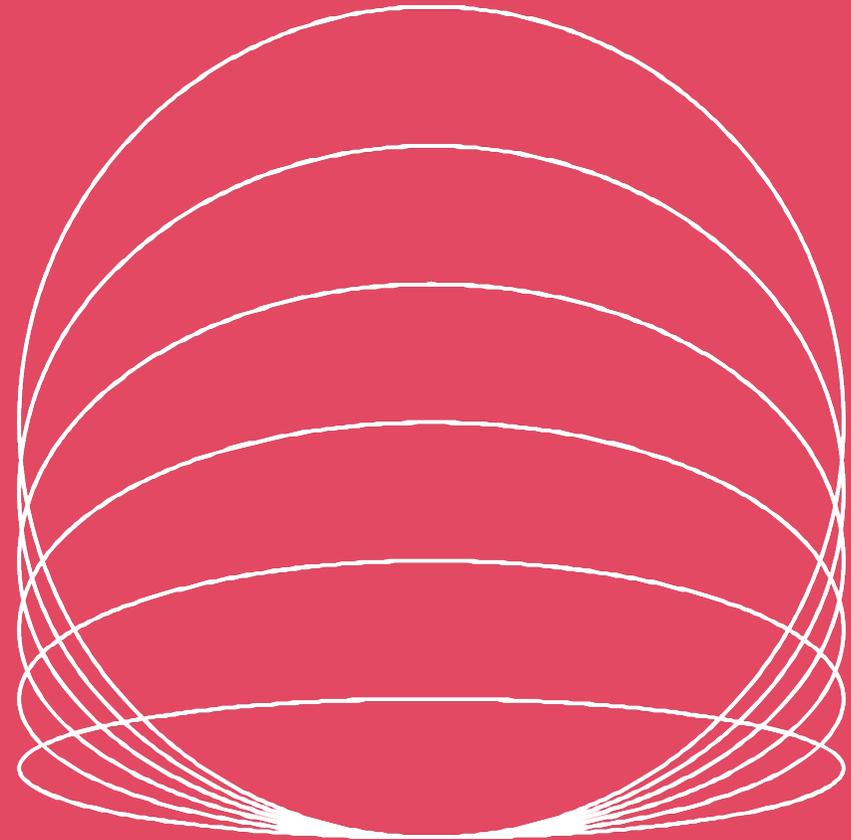
- **Capital expenditures € 19.3m**
  - € 7.1m maintenance and replacement
  - € 12.2m growth and cost reduction
- **Net Working Capital € 32.5m** (19% of revenue)

### Net debt

- **Net debt** per year end 2021 at similar levels 2020YE
  - € 54.0m (German GAAP) or
  - € 62.4m (IFRS-16 adjusted)
- Business Combination provided € 45 m cash inflow per 1 March 2022

# 03

## Business update 2022



## Trading update 2022Q1

### Sales

- Record sales of **€ 50m** in 2022Q1
- Up ~ **30%** compared to 2021Q1

### Strategic

- Eco business site in **Genthin Germany closed** by end of May 2022
  - Enabling to concentrate all ECO production activities in Weira plant
  - Reducing recycling capacity for ~2 to 3 months
- Minority 7.71% shareholding in Cabka North America Inc., Missouri (USA) was acquired on 22 March 2022 providing Cabka **full ownership of its US activities**

## 2022 outlook as per 13 April 2022 confirmed

“The first quarter of 2022 is characterized by high overall inflation, particularly manifesting itself through significantly higher energy, material, and labor costs. In anticipation Cabka announced price increases in the fourth quarter of 2021, effective per January 2022, followed by another round of price increases effective per mid-March.

As these price increases are lagging the rapidly increasing input costs, there is an expected delay in the full conversion to the market, impacting relative margins on the shorter term. That said, supported by further revenue growth and mitigating actions focused on enhancing our product mix and efficiencies, we stick to the mid-term guidance as provided earlier”

## Sales show short term strong double-digit growth

### Strong sales continued

- Record sales of **€ 50m** in 2022Q1 up almost **30%** compared to 2021Q1
- Record new multi-year sales contract with Target, a leading US retailer
- Well-filled pipeline for 2022/2023

### Target multi-year contract

- Initial order of **\$ 13m** for 2022Q2/Q3, additional orders on quarterly basis as of 2022Q4
- Proving success of customized solutions strategy and supporting US large container market ambitions
- Strategic reorientation towards in-house design capabilities based on own intellectual property pays off.

## Mid-term on target | 2022 cost impact

### Margins

- Absolute impact of steep price increases for energy and materials
  - partly covered in 2022Q1, due to delay in price increases
  - fully mitigated by 2022Q2
- Genthin closure gives temporarily lower fees for recycling mixed plastics
- Total impact partly mitigated by improved product mix (shift to customized solutions)

### Working Capital

- Higher sales lead to higher receivables
- Higher input prices lead to higher inventory value
- Actions taken to mitigate increase in working capital

## Good progress towards mid-term organic financial guidance

### Mid-term guidance

High single-digit revenue growth

>20.0% IFRS Adjusted EBITDA margin

~4% CAPEX maintenance and replacement as % of revenue<sup>1</sup>

~20% NWC as % of revenue

~30-35% pay-out ratio dividend as % of net profit

### Reported results

2021FY: 27%  
2022Q1: ~30%

2021FY: 18.2% IFRS Adjusted EBITDA margin

2021FY: 4.2% CAPEX maintenance and replacement as % of revenue<sup>1</sup>

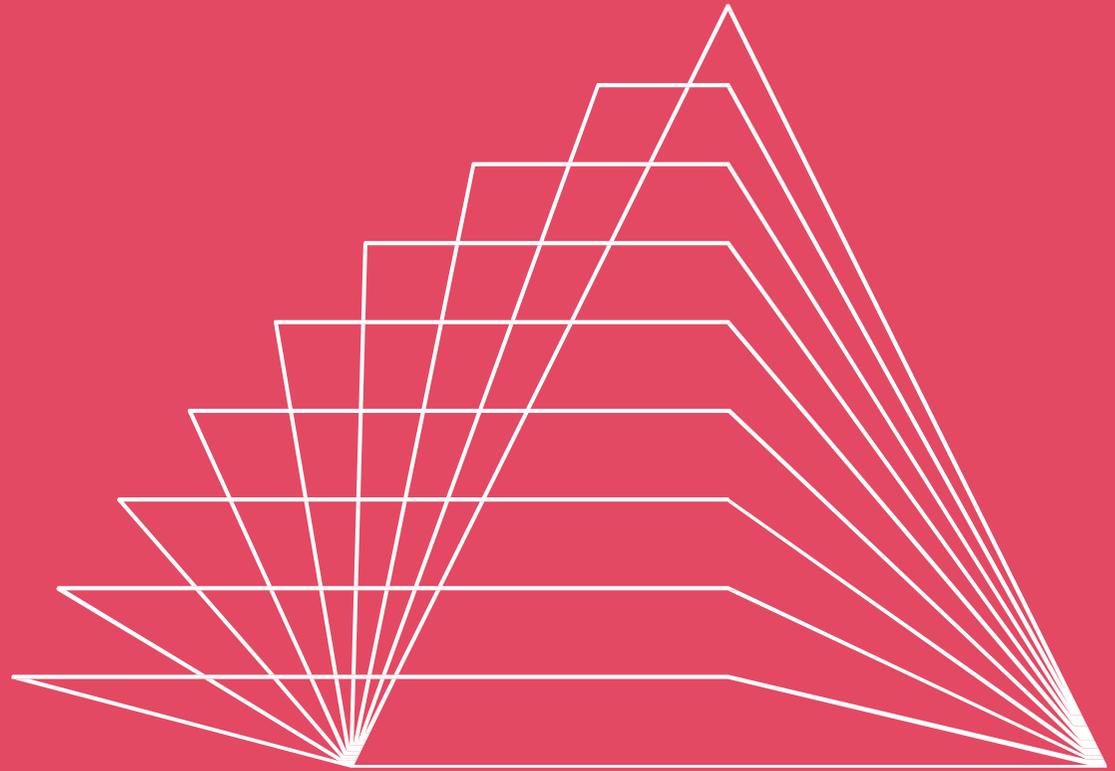
2021FY: 19% NWC as % of revenue

EUR 0.15 indicated over FY22

Note 1: Excluding growth and cost reduction capex

# 04

## Management focus



# Cabka's key strategic objectives

providing strong basis for revenue growth, higher profitability and increased competitive edge

## Continuous innovation

- Leverage dedicated innovation center to further drive competitive edge
- Increase intellectual property position
- New formulations leveraging on one-of-a-kind plastic waste feedstock database

## Customized solutions

- Invest in and focus on marketing of customized solutions
  - Higher margins
  - High customer loyalty
  - Large accounts
  - Increased stickiness
  - Increased entry barriers

## Expand large container position

- Invest in large foldable containers
  - Less competitive space
  - Higher value add
  - Good fit with current asset base
  - Leverage existing customer base

## Leverage on ECO products

- Driving significant efficiency improvements, lowering fixed costs while expanding capacity
- Further improving already highly attractive EBITDA margin



## Four operational levers to enhance margins and cashflow

### Formulation

- Engineering recycled plastic products, complemented by in-house recycling, shifting towards lower value waste streams
- Lower material costs, increased competitiveness, higher security of supply

### Automation

- Target to reduce >30% of manual labor through automation
- >15 projects to be executed by 2024

### Enhanced efficiency

- Driving significant efficiency improvements, leveraging the existing asset base
- Closure of Genthin site and concentration of ECO products in Weira

### Asset light

- Outsourcing of production with limited specialized know-how (e.g. tolling)
- Lower capital intensity, focusing capex on new products and automation thereby increasing cash conversion



## Cabka share now covered by three banks

	<b>ABN AMRO ODDO BHF</b>	<b>BNP Paribas Exane</b>	<b>Degroof Petercam</b>
<b>Initiation date</b> <b>Status</b>	31 May 2022 Independent	30 May 2022 Sponsored	9 March 2022 Sponsored
<b>Title</b>	“Where others see waste, Cabka sees opportunity”	“The circular economy – delivered on a pallet”	“Plastic Pallet Powerhouse”
<b>Target price-range</b>	€10.70	€10.70 – €15.30	€11.00 – €15.50
<b>Analyst</b>	Leopoldo Palazzi Trivelli Eric Wilmer	Thomas Martin	Luuk van Beek



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